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H. R. 6777

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DIGEST OF PUBLIC LAW 519

GOVERNMENT CORPORATIONS APPROPRIATION ACT, 1947. Provides the following amounts for administrative expenses of corporations under this Department (limitations on corporate funds, except FCIC): CCC, \$8,760,000; FCIC, \$7,340,000 (appropriated funds); FFC, \$3,750,000; FICB's, \$1,500,000; PCC's \$1,600,000; and RACC, \$341,000. Language for CCC provides that "Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law". Directs Treasury to discharge \$921,456,561 (CCC capital impairment as of June 30, 1945) of the indebtedness of CCC to the Treasury by cancelling notes of the Corporation in that amount. For FSCC, provides "That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidating and dissolution of the Corporation: Provided further, that all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor." Authorizes the corporations covered by the Act to make such expenditures within the limitations of funds and borrowing authority available to them in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by Sec. 104 of the Government Corporations Control Act, as may be necessary in carrying out the programs set forth in the

Budget for the fiscal year 1947. Provides that funds made available by this Act for administrative expenses shall be available for maintenance, operation, and repair of passenger automobiles, and purchase of passenger automobiles only for replacement of "worn-out" vehicles, and for various other facilitating objects. Provides that funds which are not subject to audit by the General Accounting Office under the Corporation Control Act or other law, shall be accounted for and audited in accordance with the Budget and Accounting Act, and that such funds shall not be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or covering warrant. Includes appropriations for TVA, Export-Import Bank, RFC, NHA, etc.

Index and Summary of History on H. R. 6777

April 11, 1946	Hearings: House, H. R. 6777
June 13, 1946	House Appropriations Committee reported H. R. 6777. House Report 2269. Committee prints of the bill and report. Print of the bill as reported. Debated in the House and passed with amendments.
June 14, 1946	Referred to the Senate Committee on Appropriations. Print of the bill as referred to the Committee.
June 20, 1946	Hearings: Senate, H. R. 6777.
June 27, 1946	Senate Committee reported H. R. 6777 with amendments. Senate Report 1617. Print of the bill as reported. Amendment proposed by Senator McKellar.
June 28, 1946	Senate began debate on H. R. 6777.
June 29, 1946	Senate debate concluded, and passed Senate with amendments. Print of the bill with the amendments of the Senate numbered. Senate Conferees appointed.
July 2, 1946	House Conferees appointed.
July 9, 1946	House received Conference Report. House Report 2468.
July 12, 1946	House agreed to Conference Report, but insisted on disagreement of Senate Amendment on TVA fertilizer plant.
July 15, 1946	Senate agreed to Conference Report and acted on item in disagreement.
July 16, 1946	House concurred in Senate amendment as amended.
July 20, 1946	Approved. Public Law 519.

DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued June 14, 1946
For actions of June 13, 1946
79th-2nd No. 114

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HIGHLIGHTS: House passed corporation-budget bill. House passed measure to extend for 7 months the time during which alcohol plants may produce sugars and sirups; ready for President. House committee reported Swan Island animal quarantine bill. House committee reported bill to continue Sugar Act for 1 year. House received appropriation estimate for surplus property disposal. Rep. Andersen said OPA hinders farm-machinery production. Senate passed price-control bill; rejected Thomas amendment to remove price control on most agricultural items; agreed to Hoey amendment to remove tobacco controls, Brewster amendment to authorize diversion of relief grain to use as feed, and Wherry amendment to fix a method of determining price CCC pays for wheat delivered for storage.

HOUSE

1. **GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947.** The Appropriations Committee reported this bill, H. R. 6777 (H. Rept. 2269), and it was passed by the House, with amendments (pp. 6979 - 7005).

Representatives of bureaus and offices involved have been advised in detail of the provisions of the bill in their relation to the Budget estimates, both as to changes in funds and language. The table on the next page contains a summary comparison of the House bill, insofar as it relates to this Department, with the Budget estimates and with appropriations and limitations, 1946 (with overtime excluded from individual items).

Provisions of major interest to this Department, contained in the bill as passed by the House, include (1) language authorizing the corporations covered by the bill to make such expenditures within the limitations of funds and borrowing authority available to them in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act as may be necessary in carrying out programs set forth in the Budget for the fiscal year 1947; (2) authorization and direction to the Secretary of the Treasury to discharge \$921,456,561 (CCC capital impairment as of June 30, 1945) of the indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by cancelling notes of the Corporation in that amount; (3) imposition of Congressional limitations for the first time on the amounts of their funds which may be spent for administrative expenses by the Federal Intermediate Credit Banks, the Production Credit Corporation, and the Regional Agricultural Credit Corporation; (4) provision that funds

Appropriations and Corporate Administrative Expense Limitations, 1946, Budget Estimates, 1947,
and House Bill, 1947, for Wholly-owned Government Corporations 1/

Item	1946	Appropriations:	Budget	Estimates, House Bill, 1947	Increase (+) or decrease (-)	
					House Bill	compared with Budget
		and limitations exclusive of overtime	1947	1947	Estimates, 1946	1947
Commodity Credit Corporation.....	\$8,813,512:	\$8,760,000:	\$8,000,000:	-\$813,512:	-\$760,000	
Federal Crop Insurance Corporation (appropriated funds)	8,268,089:	7,880,000:	6,800,000:	-1,468,089:	-1,080,000	
Federal Surplus Commodities Corporation	52:	40,000:	40,000:	+39,948:	-	
Production Credit Corporation	1,629,912:	1,736,993:2/	1,600,000:	-29,912:	-136,993	
Federal Intermediate Credit Banks	1,643,668:	1,688,501:2/	1,500,000:	-143,668:	-188,501	
Regional Agricultural Credit Corporation	638,952:	441,000:2/	341,000:	-297,952:	-100,000	
Federal Farm Mortgage Corporation:	6,441,273:	4,000,000:	3,750,000:	-2,691,273:	-250,000	
Totals	27,435,458:	24,546,494:	22,031,000:	-5,404,458:	-2,515,494	

1/ No amounts are included in this table for costs of audits by GAO of the financial transactions of these corporations.

2/ The language of the House Bill imposes, for the first time, a limitation on the amount which may be expended by each of these corporations for administrative expenses.

made available by this Act for administrative expense shall be available for maintenance, operation and repair of passenger automobiles, and purchase of passenger automobiles only for replacement of non-serviceable vehicles (Budget language made these funds available for purchase, maintenance, repair and operation of passenger automobiles); (5) provide that funds which are not subject to audit by the General Accounting Office shall be accounted for and audited in accordance with the Budget and Accounting Act, as amended, and no fund shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant.

Section 302 of the bill as reported by the Appropriations Committee, provided that in order to meet emergencies or contingencies, corporations may with the approval of the President adjust budget programs to provide for the immediate initiation of programs authorized by law and not specifically set forth in the Budget, on the condition that the new program shall be promptly transmitted to the Congress as a Budget amendment and that this section shall not be construed to authorize incurring deficiencies in administrative expenses as a result of the new program, but this section was stricken, during debate, on a point of order.

pursuant to an appropriation warrant or covering warrant.

The following are quotations from the Committee Report on the bill:

Language of the Bill. "The Budget * * * included language substantially as follows for each of the corporations involved:

The types of programs set forth in the 1947 budget of the _____ Corporation within the funds available to it, are approved.

"The committee did not approve of this language, as it considered it too broad and general in its application. It was the consensus that the committee should write the bill in somewhat more specific terms which would authorize expenditures for those programs included in the Budget only to the extent such programs and expenditures are authorized by law."

"* * * It is the intention of the committee that the word 'program' as used in the bill should be interpreted rather broadly in order to insure to the corporations the latitude that was intended by the Government Corporation Control Act and at the same time preclude the possibility, as apparently also was intended by the act, of a corporation under broad general powers, initiating a new type of activity of which the Congress knew nothing and had not contemplated."

"* * * The major difference between the language of the bill and the language proposed in the budget lies in the fact that the bill as reported clearly limits the operations, expenditures, and commitments to whatever authority may exist in basic law or corporate charter, whereas under the budget proposed language such authority might be broadened by reason of the inclusion in a budget program of matters not previously authorized."

Administrative expenses. "The Federal Employees Pay Act of 1946 will make necessary amounts in addition to the foregoing. Such amounts will be communicated by the President to the Congress at a later date for consideration. However, in enacting the pay law the Congress has indicated that it desires the resultant cost to be met from savings ensuing from reductions in personnel wherever possible. The committee has taken this fact into account in adjusting the items for administrative expenses."

Federal Crop Insurance Corporation. "A workable sound insurance program of the type contemplated would be the greatest assistance that might be rendered to agriculture if the cost of insurance could be held within reasonable limits, but the experience of the Corporation to date has been of such nature as to leave serious doubt of the practicability of an all-risk crop-insurance program. Losses have been disappointing and the majority of the members of the Subcommittee on Government Corporations, which conducted the hearings, are doubtful whether it will ever succeed. Particularly do they regret to learn that it is necessary to pay commissions to agents in order to sell the farmers on it."

The following quotations are from the Minority Report, signed by Congressmen Jensen and Ploeser:

"There are fiscal fundamentals which the minority feels must be the guide for any action of the Appropriations Committees of the Congress if the domestic economy is to be stabilized. Of these, the following four are pertinent to the duties and responsibilities of this subcommittee:

1. Shrink the national debt.
2. Reduce Federal Government expenditures to the minimum.
3. Avoid actions upon the part of Government which hinder the full functioning of a free competitive economy.
4. Avoid any financial performance of operation upon the part of Government, the trend of which is inflationary."

"The Federal Crop Insurance Corporation, which has resulted in a loss to date of \$49,700,000 as it has been operated, is a continually failing venture without any general benefit to the economic welfare of the farmers or of the Nation."

"In 1943 the Committee on Appropriations recommended and the Congress approved the dissolution of the Federal Crop Insurance Corporation. Subsequently, another law was passed reestablishing it. The minority members of the committee believe that history and experience justify the position taken by the Committee on Appropriations in 1943. We recognize that private underwriters are not interested in this field and that if such a venture is deemed an economic necessity it would have to be conducted by the Government. It is a known factor that no such program can succeed unless it is participated in by farmers generally and to date it is apparent that only the high hazard areas are interested and that the rates obtained are inadequate and inequitable."

NOTICE.—This report is given out subject to release when consideration of the bill which it accompanies has been completed by the whole committee. Please check on such action before release in order to be advised of any changes.

79TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 2269

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

JUNE —, 1946.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6777]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

The budgets and estimates upon which the bill is based are found in the Corporation Supplement to the Budget of the United States Government for the fiscal year ending June 30, 1947 (House Document 541) and in House Documents Nos. 584 and 640.

SCOPE OF THE BILL

In recent years the Congress and the Government have found that the use of the Government corporation structure is an effective and beneficial means of transacting Government business and effectually assisting the people of the Nation in the orderly promotion of benefits to the general welfare. The use of this type of structure gives elasticity of operation, permits the use of business methods, and facilitates the handling of governmental operations. However, as good as the use of such structures are, adequate controls should be maintained.

The Government Corporation Control Act, which became a law on December 6, 1945, requires for the first time that all wholly owned Government corporations submit annual budgets to the Congress.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations with respect to the first budgets submitted in accordance with the provisions of such act.

The corporations and independent agencies covered by the bill are as follows:

Export-Import Bank of Washington. (District of Columbia charter.)

Panama Railroad Company. (New York charter.)

Tennessee Valley Associated Cooperatives. (Tennessee charter.)

Tennessee Valley Authority. (Federal charter.)

Federal Loan Agency:

Reconstruction Finance Corporation. (Federal charter.)

Federal National Mortgage Association. (Federal charter.)

Rubber Development Corporation. (Delaware charter.)

The RFC Mortgage Company. (Maryland charter.)

U. S. Commercial Company. (Federal charter.)

War Damage Corporation. (Federal charter.)

National Housing Agency:

Federal Home Loan Bank Administration. (Federal charter.)

Federal Savings and Loan Insurance Corporation. (Federal charter.)

Home Owners' Loan Corporation. (Federal charter.)

Federal Housing Administration. (Federal charter.)

Federal Public Housing Authority. (Federal charter.)

Defense Homes Corporation. (Maryland charter.)

Department of Agriculture:

Commodity Credit Corporation. (Delaware charter.)

Federal Crop Insurance Corporation. (Federal charter.)

Federal Surplus Commodities Corporation. (Delaware charter.)

Federal Farm Mortgage Corporation. (Federal charter.)

Federal Intermediate Credit Banks. (Federal charter.)

Production Credit Corporations. (Federal charter.)

Regional Agricultural Credit Corporation. (Federal charter.)

Department of Commerce:

Inland Waterways Corporation. (Federal charter.)

Warrior River Terminal Company. (Alabama charter.)

Department of the Interior:

Virgin Islands Company. (Municipality of St. Thomas charter.)

Department of Justice:

Federal Prison Industries, Inc. (Federal charter.)

Department of State:

Institute of Inter-American Affairs. (Delaware charter.)

Institute of Inter-American Navigation. (Delaware charter—in liquidation.)

Institute of Inter-American Transportation. (Delaware charter—in liquidation.)

Inter-American Educational Foundation. (Delaware charter.)

Prencinradio, Inc. (Delaware charter—in liquidation.)

War Department:

U. S. Spruce Production Corporation. (Washington charter—in liquidation.)

On June 30, 1946, the combined assets of these agencies will total \$16,447,000,000, of which loans receivable will account for \$3,790,000,000, and lands, structures, and equipment will account for \$8,830,000,000.

In 1947 it is anticipated that these agencies will receive and expend \$17,200,000,000, which will result in a net expenditure by the Treasury during such fiscal year of \$4,020,000,000. Of this amount, approximately \$1,900,000,000, reasonably may be expected to be recoverable through repayment of loans, sale of property, etc., in future years.

The committee looks upon the enactment of the Government Corporation Control Act as a long step forward in the fiscal affairs of the Government. However, the short time available after enactment of the law for preparation of budgets and their review by the Bureau of the Budget and the President preparatory to submission to Congress and for action by the Congress is not adequate for full deliberation at any stage, a situation which is not desirable but which is unavoidable. In future years it will be possible for the corporations, the Bureau of the Budget, and the Committee on Appropriations to give more detailed consideration to the various problems involved and to present to the House of Representatives more detailed information than it has been possible to develop and include in the hearings on the 1947 bill.

LIQUIDATION OF CORPORATIONS

Section 304 (b) of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads as follows:

• No wholly owned Government corporation created by or under the laws of any State, Territory, or possession of the United States or any political subdivision thereof, or under the laws of the District of Columbia, shall continue after June 30, 1948, as an agency or instrumentality of the United States, and no funds of, or obtained from, the United States or any agency thereof, including corporations, shall be invested in or employed by any such corporation after that date, except for purposes of liquidation. The proper corporate authority of every such corporation shall take the necessary steps to institute dissolution or liquidation proceedings on or before that date: *Provided*, That prior thereto any such corporation may be reincorporated by Act of Congress for such purposes and term of existence and with such powers, privileges, and duties as authorized by such Act, including the power to take over the assets and assume the liabilities of its respective predecessor corporation.

A number of the corporations provided for in this bill do not have charters granted by act of Congress. Some of them will have completed the purposes for which organized before June 30, 1948, so that it will not be necessary to enact legislation continuing their operations after that date, but others, such as the Export-Import Bank of Washington, are engaged in business of such nature that some legislation will be required either to continue them as Federal corporations or to otherwise dispose of their functions and responsibilities. In enacting the law the Congress allowed 2½ years after its effective date in which to secure such legislation as may be necessary. In compliance with the act the budget for 1948 will be the last operating budget presented to the Congress for such corporations as it may be determined not to continue and the committee requests that the budget for the fiscal year 1948 for each such corporation indicate whether or not it is desired to liquidate the corporation or to continue it in operation. If liquidation is contemplated

such budget should make provision for initiation of the necessary dissolution and liquidation proceedings. If it is proposed that any such corporation be continued after June 30, 1948, recommendations with respect to the necessary legislation to accomplish this purpose should be transmitted to the Congress at the time the 1948 budget is submitted. This will give the Congress ample time to consider the proposals and enact in a normal way such legislation as it determines upon. It is highly important that the charters of the corporations to be continued may have the proper consideration of the Congress and of this committee in the discharge of its duty of handling appropriations and corporate budgets.

AUDITS BY GENERAL ACCOUNTING OFFICE

In addition to requiring submission of annual budgets, the Control Act also directed the Comptroller General of the United States to audit all of the financial transactions of the corporations in question. During the hearings on the bill the committee discussed with representatives of the General Accounting Office the plans and progress being made by that office with respect to these audits and desires to express itself as pleased with accomplishments to date. By the time another annual Budget is presented to the Congress the committee expects to have available reports of the audits and anticipates that such reports will be extremely useful in connection with consideration of the programs and activities of the various corporations. The absence of such reports has added to the task of the committee in connection with the 1947 budgets.

The committee has included section 305 in the bill for the purpose of assuring an audit by the General Accounting Office of all funds expended by the corporations and agencies included in the bill. Heretofore an audit was made of administrative expenses only of certain of the corporations but under the Control Act the General Accounting Office will now audit all the financial transactions of such corporations.

There is likelihood, however, that some funds may not be subject to any audit and the provision in the bill is to meet this contingency. It is not intended to disturb any requirement of existing law for audit by the General Accounting Office and is intended only to require an audit in those instances where there would otherwise be no such requirement.

THE LANGUAGE OF THE BILL

In reporting H. R. 3660, the bill which became Public Law 248, the Committee on Expenditures in the Executive Departments made the following statement:

It is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government.

The Budget, in accord with the foregoing, included language substantially as follows for each of the corporations involved:

The types of programs set forth in the 1947 budget of the ——— Corporation within the funds available to it, are approved.

The committee did not approve of this language, as it considered it too broad and general in its application. It was the consensus that the committee should write the bill in somewhat more specific terms which would authorize expenditures for those programs included in the Budget only to the extent such programs and expenditures are authorized by law.

It should further be stated that many of the programs set forth in the Budget, while in line with the substantive law, do not meet with the approval of individual members of the committee. Provision is made for carrying out such programs, however, because of the necessity of meeting the requirements of such substantive laws, and their inclusion in the bill is no indication of approval of the basic policy involved.

The committee, after considering the matter carefully, has determined to divide the bill into three titles. Title I includes all items of direct appropriation and title II includes the authority necessary for execution of the budget programs. Title III carries the general provisions, applicable to all items in the bill.

It will be noted that the first paragraph of title II authorizes each corporation to expend such funds and make such commitments as it may have authority otherwise to do which may be necessary in carrying out the programs set forth in its budget. It is the intention of the committee that the word "program" as used in the bill should be interpreted rather broadly in order to insure to the corporations the latitude that was intended by the Government Corporation Control Act and at the same time preclude the possibility, as apparently also was intended by the act, of a corporation under broad general powers, initiating a new type of activity of which the Congress knew nothing and had not contemplated.

The Comptroller General, in a letter to the Director of the Budget on March 28, 1946, stated:

You state that in transmitting these budgets certain language will be included with respect to each corporation, which will be introduced as follows:

"The types of programs set forth in the 1947 budget of the XYZ corporation, within the funds available to it, are approved."

Such language prefacing any legislative provisions for corporations would appear to signify only the congressional approval of the types of programs and to have no further connection or bearing upon the specific nature of expenditures to be made in carrying out such programs. No other fund limitation appearing, all of the funds of the corporation would appear to be available for the prosecution of the approved types of programs.

The language adopted by the committee is intended to grant the same authority as expressed by the Comptroller General, so far as the scope of programs is concerned. The major difference between the language of the bill and the language proposed in the budget lies in the fact that the bill as reported clearly limits the operations, expenditures, and commitments to whatever authority may exist in basic law or corporate charter, whereas under the budget proposed language such authority might be broadened by reason of the inclusion in a budget program of matters not previously authorized.

The corporate type of government agency has been adopted to meet situations where it appeared necessary to have an agency vested with a degree of latitude in the making of contracts and the expenditure of funds not possessed by regular Government departments and agencies. It was clearly the intent of the Congress in enacting the Government Corporation Control Act to continue such powers insofar as they may be necessary to the execution of a budget program to be presented annually to the Congress. This intent the committee has sought meticulously to follow.

The Budget proposed and the committee has approved section 302 of the bill to authorize corporations, after securing approval of the President, to institute new programs not included in the budget, but within the scope of their authority under substantive law, occasioned by emergencies and contingencies arising after the enactment of the annual budget. This section requires that although the corporation may immediately, upon the approval of the President, institute such a program, the program promptly shall be transmitted to the Congress for consideration as an amendment to the budget and also stipulates that no such program may be undertaken unless it is within the limits of funds and borrowing authority available to the corporation involved. This section appears to be within the spirit and intent of the Government Corporations Control Act.

So far as the programs included in the budget are concerned, the committee is aware that in some instances some difficulty may arise in determining the scope of activity which may be carried on, but it should be noted that this is the first time any of the corporations have prepared this type of budget and that inasmuch as the act requiring the submission of budgets was not adopted until December 6, 1945, it was necessary to develop the data and prepare the budgets very hurriedly. Discussions with the General Accounting Office and the Bureau of the Budget have disclosed a clear understanding of the proposals involved and the committee anticipates a reasonable and just interpretation by these two agencies. However, it is suggested that terminology be developed that will define the programs of each corporation in clear and concise form. An example for consideration may be found in the budget for the Commodity Credit Corporation (p. 274 of H. Doc. No. 541), where the following appears:

The budget of the corporation is based on six distinct types of programs carried out under corporate and other specific authorization. These types of programs are:

- (1) Supplies program.
- (2) Foreign-purchase program.
- (3) Price-support program.
- (4) Commodity-export program.
- (5) Subsidy program.
- (6) Loan to the Secretary of Agriculture.

FUNDS EMBRACED BY THE BILL

The following statement sets forth in condensed form the estimated amounts of funds to be provided through the operations of the various corporations and agencies covered by the bill and the purposes for which those funds will be expended. A similar table for each corporation or agency is included with the discussion of the individual agencies in this report. A detailed statement for each corporation will be found in the hearings.

Condensed combined statement of sources and application of funds (includes related noncorporate transactions) for fiscal years ending June 30, 1946 and 1947*

	1946 estimated	1947 estimated
FUNDS APPLIED		
Acquisition of assets (Loans made; construction of housing, dams, etc.; purchases of securities and property; and increases in working capital.)	\$5,181,018,426	\$6,170,152,464
Cost of sales, expenses, subsidies, and indemnities. (Administrative expenses; cost of commodities and supplies sold; payment of price subsidies; and insurance losses.)	8,492,363,524	6,054,211,759
Retirement of borrowings and capital and distribution of surplus (Consists largely of amounts paid to the Treasury.)	7,045,608,137	5,003,786,922
Total funds applied	20,718,990,087	17,228,151,145
FUNDS PROVIDED		
Realization of assets (Repayments of loans; sales of securities and property; and decreases in working capital.)	6,256,828,675	4,642,248,302
Revenues (Largely income from operations; sales of commodities; sales of strategic supplies.)	6,192,490,933	3,654,127,555
Borrowings and capital subscriptions (Consists largely of payments out of the Treasury.)	7,307,397,242	7,948,294,830
Contributions (Funds other than appropriations available to Office of Inter-American Affairs.)	242,145	431,610
Appropriations	962,031,092	983,048,848
Total funds provided	20,718,990,087	17,228,151,145

EFFECT ON THE TREASURY OF CORPORATE ACTIVITIES

There is given below a statement of the net effect on the United States Treasury of the operations of the Government corporations and agencies whose budgets are included in the bill. It will be noted that the net cost to the Treasury of these operations in 1946 is \$1,311,955,294, and in 1947 is \$4,020,135,206, an increase of \$2,708,179,912. This figure is arrived at by various offsetting amounts, but the largest items affecting the total are increases in borrowings from the Treasury by the Export-Import Bank of approximately \$1,300,000,000; an increase in the net requirements of the Reconstruction Finance Corporation of approximately \$500,000,000; and an increase of more than \$600,000,000 in the amount required to restore the capital impairment of the Commodity Credit Corporation.

Estimated net effect upon U. S. Treasury from operations of wholly owned Government corporations and agencies

	1946 estimated		1947 estimated	
	Payments by U. S. Treas- ury	Receipts by U. S. Treas- ury	Payments by U. S. Treas- ury	Receipts by U. S. Treas- ury
Borrowing from the U. S. Treasury	\$4,483,739,463		\$5,563,481,510	
Repayment of borrowings from U. S. Treasury		\$4,439,673,697		\$2,720,000,000
Return of capital funds and payment of dividends to U. S. Treasury		130,547,187		122,196,593
By capital and surplus subscriptions by U. S. Treasury	729,542,073		300,419,000	
By payment of interest to U. S. Treasury		110,970,954		133,798,566
By net withdrawals from appropriation accounts	712,891,791		313,659,895	
Cancellation of notes of Commodity Credit Corporation			921,456,561	

Estimated net effect upon U. S. Treasury from operations of wholly owned Government corporations and agencies—Continued

	1946 estimated		1947 estimated	
	Payments by U. S. Treas- ury	Receipts by U. S. Treas- ury	Payments by U. S. Treas- ury	Receipts by U. S. Treas- ury
By change in cash balances held in checking accounts with U. S. Treasury (exclusive of appropriation accounts).....	\$66, 973, 805	-----	-----	\$102, 886, 601
Total.....	5, 993, 147, 132	\$4, 681, 191, 838	\$7, 099, 016, 966	3, 078, 881, 760
Estimated net payments by U. S. Treasury over receipts from wholly owned Government corporations.....	-----	1, 311, 955, 294	-----	4, 020, 135, 206
Total.....	5, 993, 147, 132	5, 993, 147, 132	7, 099, 016, 966	7, 099, 016, 966

Most of the appropriations for the corporations in this act are continuing appropriations and there follows a statement on the basis of the Budget as submitted of the amount which will be expended from various direct appropriations during 1947:

Status of appropriations of wholly owned Government corporations and agencies

	Balance brought for- ward from prior years	Appropriations, 1947	Expenditures, 1947	Balance carried forward to 1948
Office of the Administrator, National Housing Agency:				
National Defense Housing.....	\$2, 000, 000	-----	\$2, 000, 000	-----
Veterans' Housing.....	7, 810, 000	-----	7, 810, 000	-----
Federal Public Housing Authority program.....	444, 122, 988	¹ \$12,600,000	274, 316, 366	\$182, 406, 622
Tennessee Valley Authority.....	9, 867, 984	² 36, 572, 000	17, 113, 242	29, 326, 742
Federal Crop Insurance Corporation.....	-----	³ 7, 880, 000	² 7, 880, 000	-----
Institute of Inter-American Affairs (State Department).....	-----	3, 456, 710	3, 456, 710	-----
Inter-American Education Foundation, Inc. (State Department).....	-----	1, 083, 577	1, 083, 577	-----
Total.....	463, 800, 972	61, 592, 287	313, 659, 895	211, 733, 364

¹ Reduced by committee to \$8,300,000.

² Reduced by committee to \$25,906,000.

³ Reduced by committee to \$6,800,000.

ADMINISTRATIVE EXPENSES

The committee has placed limitations on administrative expenses throughout the bill in conformity with established practice with respect to agencies not operating under direct appropriations. The following table sets forth the amounts provided for such expenses in 1946, amounts proposed in the Budget for 1947, and the amounts recommended by the committee:

Agency	Allowed, 1946	Budget, 1947	Recom- mended in bill 1947	Bill com- pared with 1946	Bill com- pared with 1947
Export-Import Bank.....	\$522, 700	\$780, 000	\$780, 000	+\$257, 300	-----
Tennessee Valley Associated Cooperatives.....	2, 500	2, 500	2, 500	-----	-----
Panama Railroad Company.....	689, 512	591, 852	500, 000	-189, 512	-\$91, 852
Federal Loan Agency:					
Office of Administrator.....	91, 000	118, 000	118, 000	+27, 000	-----
Reconstruction Finance Corporation..	41, 741, 100	37, 553, 000	33, 553, 000	-8, 188, 100	-4, 000, 000

Agency	Allowed, 1946	Budget, 1947	Recom- mended in bill 1947	Bill com- pared with 1946	Bill com- pared with 1947
National Housing Agency:					
Federal Home Loan Bank Adminis- tration.....	\$1,433,432	\$1,602,000	\$1,400,000	—\$33,432	—\$202,000
Federal Savings and Loan Insurance Corporation.....	531,000	532,000	532,000	+1,000	-----
Home Owners' Loan Corporation.....	5,754,000	5,179,000	4,500,000	—1,254,000	—679,000
Federal Housing Administration.....	11,250,000	17,624,000	17,624,000	+6,374,000	-----
Federal Public Housing Authority.....	17,229,400	19,845,400	18,000,000	+770,600	—1,845,400
Defense Homes Corporation.....	105,391	98,400	75,000	—30,391	—23,400
Department of Agriculture:					
Commodity Credit Corporation.....	8,932,500	8,760,000	8,000,000	—932,500	—760,000
Federal Crop Insurance Corporation.....	17,984,900	17,880,000	16,800,000	—1,184,900	—1,080,000
Federal Surplus Commodities Corpora- tion.....	52	40,000	40,000	+39,948	-----
Federal Farm Mortgage Corporation.....	6,450,000	4,000,000	3,750,000	—2,700,000	—250,000
Intermediate credit banks.....	1,662,039	1,688,501	1,500,000	—162,039	—188,501
Production credit corporations.....	1,644,912	1,736,993	1,600,000	—44,912	—136,993
Regional Agricultural Credit Corpora- tion.....	642,000	441,000	341,000	—301,000	—100,000
Department of Commerce:					
Inland Waterways Corporation.....	595,346	714,281	624,000	+28,654	—90,281
Warrior River Terminal Company.....	19,459	20,200	20,200	+741	-----
Department of Interior: Virgin Islands Company.....	27,900	26,900	20,000	—7,900	—6,900
Department of Justice: Federal Prison Industries.....	204,444	268,826	268,826	+64,382	-----
Department of State:					
Institute of Inter-American Affairs.....	737,320	884,800	700,000	—37,320	—184,800
Institute of Inter-American Transpor- tation.....	62,279	50,500	50,500	—11,779	-----
Inter-American Educational Founda- tion.....	246,829	430,000	350,000	+103,171	—80,000
Inter-American Navigation Corpora- tion.....	1,613	3,200	3,200	+1,587	-----
Prencinradio, Inc.....	8,700	11,000	11,000	+2,300	-----
Spruce Production Corporation.....	20,884	13,669	10,000	—10,884	—3,669
Total.....	108,591,212	110,896,022	101,173,226	—7,417,986	—9,722,796

¹ Direct appropriation from the Treasury.

The Federal Employees Pay Act of 1946 will make necessary amounts in addition to the foregoing. Such amounts will be communicated by the President to the Congress at a later date for consideration. However, in enacting the pay law the Congress has indicated that it desires the resultant cost to be met from savings ensuing from reductions in personnel wherever possible. The committee has taken this fact into account in adjusting the items for administrative expenses. In addition, certain of the corporations have been greatly enlarged by the necessity of war activity, and the expenses incident to such war activity should be eliminated as rapidly as feasible. The committee has included the usual provision (sec. —) which has been generally added to appropriation bills respecting the payment of compensation of persons who assert the right to strike against the Government of the United States or who are members of organizations that advocate the overthrow of the Government of the United States.

While these expenses are not paid out of direct appropriations from the Treasury, they, nevertheless, have a direct effect on the Treasury as the Treasury ultimately receives any profits or sustains any losses resulting from corporate activity. The administrative expenses of most of these corporations are being limited for the first time as they have heretofore been permitted to spend such amount of the funds within their control as they saw fit for these purposes and the committee has experienced considerable difficulty in estimating the needs due to the lack of uniformity in determining what constitutes adminis-

trative expense. No two corporations appear to follow the same rule. Naturally the differences in types of business conducted and types of organization necessary make it impracticable to use identical classifications in all of them but certainly some standards can be developed which will serve as a yardstick and will simplify the task of the committee and the Congress in years to come in determining requirements. The committee, therefore, expects to have a survey conducted before the presentation of the 1948 budget with a view to establishing basic policies with regard to such expenses which should serve to facilitate the development and presentation of administrative expense budgets in the Bureau of the Budget and in the Committee on Appropriations.

Those corporations which have heretofore been subject to administrative expense limitations have a definition written into the bill which defines for audit purposes the items properly chargeable to such limitations. Some difficulty may arise in connection with those which have not heretofore been so limited but it is the intention of the committee that in applying the limitation the funds shall be expended only for those items included in the schedule of administrative expenses set forth in the Budget and that no other funds shall be employed for such purposes. This should meet all requirements of the accounting officers in the fiscal year 1947.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was organized as a District of Columbia banking corporation pursuant to Executive Order 6851, dated February 2, 1934, and was continued as an agency of the United States by act approved January 31, 1935, and subsequent acts. The bank was established to stimulate the international trade of the United States. The act of September 26, 1940, increased the Bank's lending authority from \$200,000,000 to \$700,000,000. In a message to Congress in June 1945, the President indicated that, with the slowing down and termination of lend-lease, the bank should be empowered to assist liberated countries during the transition from war to peace. Congress subsequently passed the Export-Import Bank Act of July 31, 1945, increasing the lending authority of the bank from \$700,000,000 to 3.5 billion dollars. The same legislation removed the prohibition on loans by the bank and persons participating with the bank to governments in default to the United States Government; made the bank an independent agency; created a statutory bipartisan Board of Directors; and arranged its financing directly from the Treasury instead of through the Reconstruction Finance Corporation. The Board of Directors consists of the Secretary of State and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom is designated by the President as chairman.

The bank is only now getting well started on its postwar program.

In the past the activities of the bank contributed in an important way to the foreign trade of the United States and with its expanded borrowing and lending power should be in a position to make a real contribution to the commerce of the United States, which in turn would assist other countries. The Board of Directors has responsibility for lending 3.5 billion dollars belonging to the taxpayers of the United States. The responsibility is a large one and should be

exercised with every precaution consistent with the letter and spirit of the governing statutes. The committee was advised in the hearings that the bank makes every effort to place loans with private lending agencies before making a direct loan and this policy the committee wholeheartedly endorses. Every effort should be made to secure the cooperation of private capital before the investment of public funds.

One of the outstanding accomplishments of the bank to date has been the financing of exportation of cotton and it is now engaged in a program which will lead to the exportation of approximately 800,000 bales. The terms of the program are designed to encourage the handling of shipments through private business channels as well as utilizing to the fullest the participation of private capital and thereby maintain and assist the regularly established methods of handling this character of business. The exportation of surplus commodities will result in direct benefits to American producers through stabilization of domestic markets.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1062 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets	\$581,619,107	\$2,100,345,000
Expenses	511,666	7,655,000
Retirement of preferred stock and payment of dividends	176,610,000	-----
Total funds applied	758,740,773	2,108,000,000
FUNDS PROVIDED		
Realization of assets	50,000,000	60,000,000
Revenue	9,740,773	48,000,000
Borrowings and issue of capital stock	699,000,000	2,000,000,000
Total funds provided	758,740,773	2,108,000,000

The item "Acquisition of assets" includes \$2,000,000,000 to be loaned during 1947. This estimate is most indefinite as the bank has undergone a complete reorganization under the act of 1945 and world trade is as yet so disturbed by conditions consequent upon the war that it is not possible to determine just what demands will be made on the bank.

The retirement of preferred stock and payment of dividends in 1946 is actually only a bookkeeping transaction so far as the Government is concerned in that the amount of \$176,610,000 was derived from the sale of capital stock to the Treasury of the United States to secure funds to pay the Reconstruction Finance Corporation the amount of the investment of such corporation in the preferred stock of the bank and the necessary dividend thereon as required in the act of 1945.

The item for expenses for 1947 is composed of interest payments, estimated at \$6,875,000, and administrative expenses, \$780,000.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Co. acquired most of the 70,000 shares of its stock. This

company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co., which were purchased for the sum of \$40,000,000, as authorized by the act of Congress approved June 28, 1902. The remaining 1,112 shares were purchased from private owners in 1905, at an average cost of approximately \$140 per share.

By Executive order of May 9, 1904, the President directed that all members of the Isthmian Canal Commission be elected to the board of directors of the Panama Railroad Company and that the policy of the Panama Railroad Company be completely harmonized with the policy of the Government of making it an adjunct to the construction of the Canal, while at the same time fulfilling the purpose for which it was constructed as a route of commercial movement across the Isthmus of Panama. The Panama Canal Act, approved August 24, 1912, authorized the President to establish, maintain, and operate, through the Panama Railroad Company, or otherwise, numerous types of business activities related to the Canal. This authority was exercised in many cases, and the conduct of incidental business operations by the Panama Railroad Company has been continued to date.

The name of the Corporation is not descriptive of its functions. Although by name a railroad company, it operates harbor-terminal facilities, a telephone system, two hotels, several commissary stores, a dairy, two coaling plants, and a steamship line. Of these activities all are in the Canal Zone except the steamship line, which operates between the Canal Zone and New York. In 1939 three vessels of 10,000 gross tons each were built at a total cost of \$13,200,000. They normally maintain a weekly service between New York and Cristobal, but in 1941 these vessels were requisitioned for use by the Maritime Commission and the War Department in the prosecution of the war. One of the vessels has already been returned to the Company and it is expected that the other two will be returned within the next few months after which time the regular scheduled sailings will be resumed and the Corporation will then be carrying on all of its traditional activities.

The railroad, comprising 50 miles of main-line track between the cities of Panama and Colon, was the only means of transshipment of freight or of passengers, inasmuch as the Canal is suitable only for oceangoing commerce, until the construction of the trans-Isthmian highway which was built during the war by the United States Government. What effect truck and bus service over this highway will have on the business of the railroad remains to be seen. The opinion is expressed by the Company that development of highway facilities will never entirely replace the services of the railroad, particularly for heavy or bulky shipments.

The two hotels, the Tivoli, in Ancon, and the Washington, in Colon, operated at a loss from 1930 to 1939 but, on account of increased activities on the Isthmus, have made a profit each year during the war. Under a treaty commitment the United States Government will leave the hotel business in the hands of Panamanian industry when suitable hotel accommodations are available in the Republic. The Tivoli, the larger of the two, is an old building which

was fully depreciated many years ago and certainly cannot be used for hotel purposes much longer.

On account of the change in the business of the railroad by reason of development of highways, which is inevitable, and the unsatisfactory condition of the hotels, considerable readjustment in the business is indubitably in the offing and the committee believes responsible officials of the Company should now be preparing plans for future operations which will conserve the assets of the Company and thereby protect the interest of the United States Treasury.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 153 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$904,370	\$550,625
Expenses and cost of sales.....	43,994,304	45,684,888
Payment of dividends.....	2,100,000	3,000,000
Total funds applied.....	46,998,674	49,235,513
FUNDS PROVIDED		
Net decrease in working capital.....	0	2,391,063
Revenues.....	46,998,674	46,844,450
Total funds provided.....	46,998,674	49,235,513

The committee has reduced the amount for administrative expenses from \$591,852 to \$500,000 and this reduction will serve to decrease the item for expenses in the foregoing table. The amount set forth for acquisition of assets will be used for improvements to plant and equipment in the various activities of the Corporation. The item for payment of dividends represents amounts payable to the United States Treasury.

While gross revenues in 1947 are expected to approximate revenues for 1946 there is included for 1947 an item of \$7,000,000 which has been set aside during the war to take care of possible liability for ocean freight charges growing out of the transfer of the Corporation-owned steamships to other agencies of the Government. It now has been determined that this amount will not be required and the account is being transferred to revenues in 1947. The steamship lines are expected to produce \$4,090,000—there were no revenues from this source in 1946—and revenues from the commissary division are estimated at \$29,000,000, a reduction of \$10,000,000 below 1946.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated January 25, 1934, under the laws of the State of Tennessee, for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises needed to improve the economic welfare of the lower-income families in the Tennessee Valley area; to assist in the development of cooperative enterprises in the Tennessee Valley area through educational services

to individuals and associations concerning the principles of cooperative enterprise; to determine which of the various types of cooperative organizations could advantageously be created and utilized in the area; and to accumulate data and evaluate the services which might be economically rendered by such organizations as well as other scientific data and information useful and valuable from an economic standpoint. The directors of the Tennessee Valley Authority served as the incorporators of TVAC and as its first board of directors, but in so doing, acted in their private capacity as individuals rather than in their official capacity as TVA directors. The present directors of TVAC have no present connection with the TVA. No act of Congress or Executive order or Federal statute specifically authorized the creation of TVAC.

Whether or not this corporation should be liquidated, continued as a Federal activity, or divested from Federal control, presents a very involved problem which the committee hopes will be settled at an early date. In the meantime, the committee believes that all assets should be held intact pending action by the Congress. It was stated in the hearings that it is the present purpose of the management of the corporation to make a grant of \$20,000 to a cooperative in order to cancel a like amount of preferred stock held by the corporation. Action on this and any other similar problems should be held in abeyance until the matter is finally determined by action of the Congress.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital	\$6,041	\$5,300
Expenses.....	2,670	2,700
Total funds applied.....	8,711	8,000
FUNDS PROVIDED		
By repayments of loans.....	2,350	4,000
Revenues.....	6,361	4,000
Total funds provided.....	8,711	8,000

The corporation owns preferred stock in local cooperative enterprises to the value of \$33,825 and on June 30, 1946, will have outstanding loans to cooperatives in the amount of \$224,890. It is estimated that these loans are worth \$114,890.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The corporation was also specifically authorized to take over the World War I munition plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined by Executive Order 6161 (June 8, 1933) that TVA should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory.

The funds required for developmental work and operation of the various activities of the Authority have been derived from three sources:

(1) Appropriations from the Federal Treasury.....	\$677, 969, 270
(2) Earnings expended in accordance with sec. 26 of the act.....	¹ 180, 000, 000
(3) Bonds issued.....	65, 072, 500
Total.....	823, 041, 770

¹ \$100,000,000 invested in facilities and \$80,000,000 for operating expenses.

As of June 30, 1945, the outstanding indebtedness under authority to issue bonds—which expired January 1, 1941—amounted to \$61,022,500, of which amount \$56,772,500 was held by the Treasury and \$4,003,000 was held by the Reconstruction Finance Corporation. Under section 26 of the act the Tennessee Valley Authority is authorized to use proceeds from the sale of power and other corporate sources for various purposes in the valley and in the administration of the act, but any surplus in such fund is required to be paid to the Treasury of the United States. In 1945 the first cash payment, amounting to \$12,597,744, was made. Prior thereto receipts totaling \$180,000,000 had been expended by the Authority. Of this amount \$100,000,000 was invested, in accord with section 26 of the act and with congressional approval, in facilities and the remainder expended for operating expenses. That portion of the investments which represents the cost of power-producing plants and facilities in the Tennessee Valley Authority should be amortized over a period of not to exceed 40 years and that the Treasury of the United States should be reimbursed insofar as possible for the cost of such construction. The repayment made in 1945 meets with the full approval of the committee and it is suggested that a plan for a schedule of repayments be submitted to the Congress in connection with the next annual budget. The investment of the United States in these projects is substantial and now that revenues are substantial, orderly provision should be made for restoring funds advanced from the Treasury which would leave a large operating facility owned, free of debt, by the people.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 936 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$29,806,235	¹ \$51,573,500
Expenses.....	30,471,000	31,123,000
Retirement of borrowings and payment of dividends.....	14,897,744	2,272,500
Total funds applied.....	75,174,979	84,969,000
FUNDS PROVIDED		
Realization of assets.....	21,605,979	1,163,000
Revenue.....	43,921,000	47,234,000
Appropriations.....	9,648,000	² 36,572,000
Total funds provided.....	75,174,979	84,969,000

¹ Reduced to \$40,907,500 by the committee.² Reduced to \$25,906,000 by the committee.

Major construction during the war years has been limited to such projects as were directly related to and required by the war program and the budget for 1947 contemplates resumption of the construction necessary to development of the valley in accordance with the original purposes of the act and includes funds for further construction on one of the upper Holston projects; for completion of changes at the Hales Bar project to provide a 9-foot channel in the upper end of the Hales Bar pool; start of construction on changes at lock and dam No. 1 below Wilson Dam to provide standard channel widths and depths; completion of the fifth generator unit at Kentucky Dam; construction of transmission system changes as necessary to meet the growth and location of load requirements; construction of a power system service building at Wilson Dam, Ala.; and numerous other small construction jobs. The committee has considered these projects and recognizes the ultimate necessity of their construction.

Work was begun on Watauga and South Holston projects (two multiple-purpose dams) in December 1941, but was stopped on Watauga in December 1942, and on South Holston in April 1943, in compliance with orders issued by the War Production Board to divert critical manpower and materials to projects directly related to war-production goals. The present stringencies in the supply of construction materials has been very forcefully brought to the attention of the committee by the officials of the National Housing Agency, who are finding it most difficult to procure a sufficient quantity of such materials to meet the requirements of the housing program for veterans and otherwise to relieve the distressing housing shortage throughout the Nation. The need for the Watauga and South Holston projects is no more critical now than it was at the time they were closed down at the beginning of the war and the committee has determined that they should be deferred for construction at a later date when the veterans' housing shortage has been met and the shortage of construction materials is not so critical. More than \$10,000,000 has already been invested in these projects and doubtless some loss occurred by suspension of construction but such loss should not be increased by further deferral. This accounts for the reduction of \$9,666,000 in the appropriation proposed and in the item "Acquisition of assets" in the foregoing table.

FEDERAL LOAN AGENCY

RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation was created by the act approved January 22, 1932. The Corporation was formally organized and its operations were begun on February 2, 1932. The scope of the Corporation's functions has been extended or modified from time to time by amendatory and supplemental legislation, and its succession, originally established at 10 years, has been extended 5 years to January 22, 1947. The affairs of the Corporation are supervised by a bipartisan board of five directors appointed for a term of 2 years by the President with the advice and consent of the Senate.

The legislation creating the Corporation authorized it to extend financial assistance to agriculture, commerce, and industry, through direct loans to banks, trust companies, building and loan associations, insurance companies, mortgage-loan companies, and various agricultural credit agencies. Loans were also authorized to closed banks to aid in their reorganization or liquidation, and, upon approval of the Interstate Commerce Commission, to railroads, or receivers of railroads to provide temporary financial assistance.

Through amendatory and supplemental legislation the Corporation has been authorized: (1) To purchase the capital stock of banks, insurance companies, agricultural credit corporations, national mortgage associations, and various governmental agencies; (2) to make loans to business enterprises, mining interests, agricultural improvement districts, public-school authorities, and various other classes of borrowers; (3) to assist in financing the construction of public works and various self-liquidating projects; and (4) in connection with the defense and war programs, to provide financing for purposes of plant conversion and construction, working capital, mining operations, and other activities; to provide war-production facilities; to provide supplies of, and to stock-pile, strategic and critical materials including the payment of price subsidies, and to undertake a wide range of other activities incident to the war effort. Under the provisions of Executive Order 9665, dated December 27, 1945, the lending functions and certain related activities of the Smaller War Plants Corporation were transferred to the Reconstruction Finance Corporation as of January 27, 1946.

The capital stock of the Corporation is \$375,000,000, all of which has been subscribed and paid in by the Secretary of the Treasury. The Corporation is authorized to borrow for its general purposes \$15,750,000,000 and in addition is authorized to borrow various amounts for specific purposes. In some cases these amounts are definite and in others limited only to the amount necessary to carry out the specific program. The total authorized for specific purposes, including amounts used for purposes where the limitation was not stated in terms of dollars, is \$4,749,892,000.

On June 30, 1945, the Corporation had \$9,019,947,124 in notes outstanding in the hands of the Secretary of the Treasury of which amount \$7,871,935,306 was for the general purposes of the Corporation. It is expected that the total notes outstanding will be \$9,890,000,000 on June 30, 1946, and \$11,254,000,000 on June 30, 1947.

Aside from losses incurred in operating funds for allocation to other governmental agencies or for relief directed by law, the activities of the Corporation have resulted in no loss to the Government. Heretofore, notes in the amount of \$2,784,867,008 have been authorized by law to be cancelled as representing amounts supplied to other agencies of the Government and for relief and which were not properly chargeable to the regular activities of the Reconstruction Finance Corporation. During the war years additional losses were incurred from operation of various war and war-related programs, such as the defense-plants program, the strategic supplies program, etc., and these losses together with expenditures for subsidy programs are expected to amount to \$4,069,000,000 by June 30, 1946. These activities will still have a major effect on the financial condition of the Corporation during 1947 and the Budget estimates the total cost will be \$6,500,000,000 by June 30, 1947, but this figure includes substantial amounts for subsidies—\$1,000,000,000 is estimated for the payment of subsidies on flour and meat—and it is not possible to tell what the actual expenditures in 1947 will be until a definite policy is established with regard to payment of these subsidies.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 624 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$2, 530, 137, 314	\$1, 672, 325, 905
Expenses, subsidies, and cost of sales.....	3, 493, 040, 672	¹ 2, 526, 255, 667
Retirement of borrowings.....	390, 391, 697	0
Total funds applied.....	6, 413, 569, 683	4, 198, 581, 572
FUNDS PROVIDED		
Realization of assets.....	3, 049, 575, 782	1, 712, 899, 358
Revenues.....	2, 102, 554, 438	1, 122, 200, 714
Borrowings.....	1, 261, 439, 463	1, 363, 481, 500
Total funds provided.....	6, 413, 569, 683	4, 198, 581, 572

¹ Includes administrative expenses estimated at \$37,553,000 and reduced to \$33,553,000 by committee.

It will be noted that, while the volume of business for 1947 is almost one-third less than 1946, the net cost to the Treasury in cash to be provided is approximately \$500,000,000 more in 1947 than in 1946, in that \$100,000,000 more will be borrowed from the Treasury and nothing will be repaid, while in 1946 nearly \$400,000,000 was repaid. Of the total expenditures in 1947, \$2,467,000,000 is estimated to be required in payments of subsidies and in carrying forward war programs which are in various stages of final dissolution and completion. The liquidation of these programs is a first order of business and the committee urges that they be completed at the earliest practicable date consonant with the financial interest of the United States in the various investments it has made.

In the first deficiency appropriation bill for 1945 the Congress placed a limitation of \$500,000 on loans which the RFC might make to any State or other public body for construction. Subsequently, the veterans housing bill carried a provision to permit loans for construction of dormitories to house veterans at publicly owned educational

institutions. The committee has reviewed the situation and has determined that, for 1947, in lieu of the limitation of \$500,000 on individual loans it is preferable to limit the total amount of loans which may be outstanding at any one time and provision has been included in the bill establishing this limitation at \$100,000,000. The RFC accepts bearer bonds for this class of loans and it is the practice to market them just as rapidly as possible. Out of a total of \$300,000,000 in loans in this category which have been made since 1938 the RFC owns bonds to the total of \$25,000,000 and of this amount \$20,000,000 is in one project started before the war and on which construction was suspended. It is not yet completed. The sale of bonds is without recourse to the Government and has resulted in a profit in the handling of the \$300,000,000 so far loaned. The committee does not desire to see RFC lending money for such purposes when private funds might be available and believes the limitation imposed will furnish sufficient latitude for the RFC to make all necessary loans but will require that the bonds be transferred to private ownership just as quickly as there is a market.

The item for administrative expenses includes administration of all the subsidiaries as well as the parent corporation. The heavy expense involved in the war programs, which accounts for approximately \$23,000,000 of the total estimated for 1947, \$37,553,000, should be reduced rapidly. As compared with 1946 the budget indicates an actual increase in the strategic supplies program, approximately the same amounts for the strategic metals and rubber programs and a reduction of only 15 percent in the defense-plants program, which does not appear to be commensurate with reduction in activity. The committee does not consider these estimates to be in line with volume of business to be transacted and therefore has imposed a reduction of \$4,000,000 in the amount for administration, which should be absorbed in the war programs without hardship.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Federal National Mortgage Association was organized in April 1938 under title III of the National Housing Act, as amended, for the purpose of assisting in establishing a market for first mortgages insured under the provisions of title II of the National Housing Act, as amended, covering properties upon which are located newly constructed houses or housing projects; to facilitate the construction and financing of economically sound rental-housing projects to be operated at a moderate scale of rentals, and to make available to individual and institutional investors bonds issued by the Association pursuant to the provisions of section 302 of title III of the National Housing Act, as amended, and the regulations of the Federal Housing Commissioner. The Association purchases mortgages insured under sections 203 and 207 of the National Housing Act. Purchases under section 203 are limited to mortgages insured subsequent to January 1, 1937, covering homes built subsequent to January 1, 1936. The Association has made periodic sales of mortgages to originating mortgagees.

The affairs of the Association are managed by a board of directors who are appointed by the Board of Directors of the Reconstruction Finance Corporation.

Federal National Mortgage Association was organized with a paid-in capital of \$10,000,000 and a surplus of \$1,000,000 which was subscribed for and purchased by the Reconstruction Finance Corporation. Such additional funds as were required by its programs were obtained through the sale of bonds which it issued, and by borrowings from the Reconstruction Finance Corporation.

This Corporation currently has no bonds outstanding and appears to be in sound financial condition. Its activity has been greatly lessened during the past few years but it is altogether possible that the large scale housing program now being undertaken will result in demands during the next year which will necessitate its borrowing substantial sums. The financial statements submitted in the Budget estimate outstanding notes on June 30, 1947, at \$12,500,000, but admittedly this is purely tentative and the amount may be substantially larger.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 704 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$3, 475, 029	\$20, 020, 000
Expenses.....	385, 620	658, 200
Retirement of borrowings and payment of dividends.....	0	500, 000
Total funds applied.....	3, 860, 649	21, 178, 200
FUNDS PROVIDED		
Realization of assets.....	3, 441, 685	7, 328, 561
Revenues.....	418, 964	849, 639
Borrowings.....	0	13, 000, 000
Total funds provided.....	3, 860, 649	21, 178, 200

RFC MORTGAGE COMPANY

The RFC Mortgage Company was organized in March 1935 under the laws of the State of Maryland, for the purpose of assisting in the reestablishment of a normal mortgage market. The affairs of the Company are supervised by a board of directors appointed by the Board of Directors of the Reconstruction Finance Corporation. It makes real estate mortgage loans to aid in the construction of new buildings for which there is a demonstrated economic need and upon properties which are in distress in cases where the applicant cannot obtain needed refinancing elsewhere at reasonable rates and terms. The Company also aids in the housing programs of the Federal Housing Administration by creating a market where financial institutions can sell Federal Housing Administration insured mortgages to provide cash for making additional loans or for other purposes. This phase of its operations includes the purchase of class 3, title I loans, title II mortgages, and title VI mortgages insured under the provisions of the National Housing Act. However, title II purchases are limited to mortgages insured prior to January 1, 1937, covering homes built prior to January 1, 1936. In addition to its lending and purchase operations, the Company sells loans and mortgages to institutions for investment purposes, sales of insured mortgages being confined to

institutions which have been approved by Federal Housing Administration as mortgagees.

The RFC Mortgage Company originally had an authorized capital stock of \$10,000,000 and this amount was later increased to \$25,000,000.

This Company is a subsidiary of RFC, organized and chartered under the laws of the State of Maryland. Under the law it must either secure a Federal charter by June 30, 1948, or go into liquidation. Every type of activity engaged in by this corporation could be handled by Reconstruction Finance Corporation or the Federal National Mortgage Association and it appears to the committee that activity of the Mortgage Company should be minimized with view to eventual relinquishment of the separate charter and the transfer of all functions to the Reconstruction Finance Corporation and Federal National Mortgage Association. Since June 30, 1944, the notes of the Corporation payable to the Reconstruction Finance Corporation have been reduced from \$93,000,000 to approximately \$27,000,000 and it is suggested that further reductions in this account be made wherever possible and that assets of the Mortgage Company be liquidated or transferred to the Reconstruction Finance Corporation as rapidly as feasible.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 717 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$12, 442, 660	\$30, 000, 000
Expenses.....	2, 612, 662	2, 473, 510
Retirement of borrowings.....	23, 148, 453	1, 000, 000
Total funds applied.....	38, 203, 775	33, 473, 510
FUNDS PROVIDED		
Realization of assets.....	28, 226, 099	9, 780, 390
Revenues.....	3, 599, 717	3, 393, 120
Borrowings.....	6, 377, 959	20, 300, 000
Total funds provided.....	38, 203, 775	33, 473, 510

RUBBER DEVELOPMENT CORPORATION

Rubber Development Corporation is chartered under the laws of the State of Delaware, and commenced operations on February 23, 1943, with approval of the President, and at the suggestion of the Rubber Director, who by terms of Executive Order 7246, dated September 17, 1942, had been made administratively responsible for the Nation's rubber program. The affairs of the Corporation are supervised by a board of directors appointed by the Board of Directors of the Reconstruction Finance Corporation and includes a representative of the Department of State. By direction of the Rubber Director, dated February 5, 1943, the Rubber Development Corporation was authorized to handle that part of the rubber program pertaining to the acquisition and development of natural rubber from sources outside the continental United States. In commencing its operations, the Corporation assumed certain functions

of the Rubber Reserve Company and of the Defense Supplies Corporation relating, respectively to rubber agreements consummated with various foreign governments, and to aviation and construction programs directed toward facilitating rubber production in the Amazon Valley of South America. Under Executive Order 9361, dated July 15, 1943, Rubber Development Corporation was transferred from the Reconstruction Finance Corporation to the Office of Economic Warfare, and subsequently under Executive Order 9380, dated September 25, 1943, to the Foreign Economic Administration. Pursuant to Executive Order 9630, dated September 27, 1945, the Corporation was transferred to the Reconstruction Finance Corporation. Continuance of the Corporation's functions as the sole agency of the United States Government engaged in foreign procurement of natural rubber was confirmed by the Civilian Production Administration under date of November 6, 1945.

Rubber Development Corporation has an authorized capital stock of \$200,000, \$100,000 of which has been issued. This stock is owned by the Reconstruction Finance Corporation. Activities of the Rubber Development Corporation are financed through loans by the Reconstruction Finance Corporation, as authorized by section 5d (2) of the Reconstruction Finance Corporation Act. On June 30, 1945, the balance of the Corporation's notes payable to the Reconstruction Finance Corporation approximated \$77,000,000.

This was a purely wartime program destined from its inception to lose money. The capital impairment on June 30, 1945, was \$35,745,000 and it is estimated that this figure will increase to \$59,535,000 by June 30, 1947. The production of rubber is a process requiring several years and it was necessary for this Corporation to make commitments extending over a considerable period in order to carry out its purpose. However, it appears now that it will be possible to conclude all pending matters and place the Corporation in liquidation during the fiscal year 1947. It will not be possible to ascertain the ultimate loss until all contracts have been consummated. Whatever the cost it must all be charged off as part of the cost of the war. In retrospect it may appear that results achieved in programs of this type were far too expensive but in 1942 when this program was begun the shortage of rubber will be recalled as one of the most acute problems of that day and no price was too high if it would produce rubber.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 726 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$61, 573	\$15, 000
Expenses and cost of sales.....	204, 766, 371	264, 415, 922
Retirement of borrowings.....	216, 944, 094	259, 000, 000
Total funds applied.....	421, 772, 038	523, 430, 922
FUNDS PROVIDED		
Realization of assets.....	25, 452, 455	2, 945, 000
Revenue.....	185, 777, 898	259, 200, 000
Borrowings.....	210, 541, 685	261, 285, 922
Total funds provided.....	421, 772, 038	523, 430, 922

U. S. COMMERCIAL COMPANY

Pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, in order to aid the Government in its national defense program, U. S. Commercial Company was created on March 26, 1942. Under Executive Orders 9361, dated July 15, 1943, and 9380, dated September 25, 1943, the U. S. Commercial Company was transferred to the Office of Economic Warfare and thereafter to the Foreign Economic Administration. Executive Order 9630 transferred the U. S. Commercial Company to the Reconstruction Finance Corporation on October 20, 1945. The affairs of the Company are supervised by a board of directors who were appointed by the Board of Directors of the Reconstruction Finance Corporation and includes representatives of the Department of State, the Treasury Department, and the Department of Agriculture.

During the war the Company was authorized, in addition to its original charter powers, (1) to conduct or facilitate and promote commercial trade with liberated areas or areas from which private traders may be barred or in which they may find it impracticable to carry on normal trade; (2) to acquire articles, etc., for export to or sale or distribution in foreign countries in which the Company is engaged in procurement or production programs; (3) to act for the Foreign Economic Administration in carrying out its functions and transactions and to take such other action deemed necessary to facilitate the war effort and strengthen the international economic relations of the United States; (4) to conduct operations necessary or incident to the procurement and development of food, etc., in foreign countries, and (5) to handle or dispose of Government-owned property when authorized, and to carry out such functions as may be delegated to Foreign Economic Administration in connection with surplus war property.

The deficit in the operations of this Company will amount to \$181,000,000 by June 30, 1947, at which time the major portion of its outstanding contracts and commitments will have been completed. It was stated in the budget that it is the aim of the Company to close its various foreign offices as soon as possible. Foreign offices are expensive to maintain and the committee strongly recommends that every effort be made to close all such offices at the earliest practicable date and further that all activity of the Company be completed with dispatch. This Company was a money-losing venture but made important contributions to the war effort and the entire amount of the loss, like that of the Rubber Development Company, should be charged as a part of the cost of war.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 739 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$265,637,105	\$84,000,000
Expenses.....	897,376,467	469,262,326
Retirement of borrowings.....	842,614,100	477,565,283
Total funds applied.....	2,005,627,672	1,030,827,609
FUNDS PROVIDED		
Realization of assets.....	414,555,682	134,008,246
Revenue.....	844,469,045	472,976,000
Borrowings.....	746,602,945	423,843,363
Total funds provided.....	2,005,627,672	1,030,827,609

WAR DAMAGE CORPORATION

War Damage Corporation was created by the Reconstruction Finance Corporation on December 13, 1941, pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended. The name of the Corporation (originally War Insurance Corporation) was changed to War Damage Corporation, pursuant to charter amendment, to conform with the provisions of section 2 of the act approved March 27, 1942. The affairs of the Corporation are supervised by a board of directors appointed by the Board of Directors of the Reconstruction Finance Corporation.

The Corporation was created for the purpose of providing reasonable protection against loss of or damage to tangible property, real or personal, resulting from enemy attack, including any action taken by the military, naval, or air forces of the United States in resisting enemy attack. The Corporation may, under the act, insure property situated in the United States (including the several States and the District of Columbia), the Philippine Islands, the Canal Zone, and the Territories and possessions of the United States. Prior to July 1, 1942, there was no charge made for this insurance protection.

Fortunately this Corporation, which had insurance in force to the amount of \$137,000,000,000, was not called upon to make any substantial payments of losses. It has an earned surplus of something in excess of \$200,000,000, a portion of which will be required in the final adjustments and settlements with fiduciary agents participating in the program. It is expected that all settlements will be made in the near future and that this Corporation can be liquidated.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 729 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$1,704,036	0
Expenses.....	10,702,517	\$81,490,270
Total funds applied.....	12,406,553	81,490,270
FUNDS PROVIDED		
Net decrease in working capital.....	0	18,289,670
Revenue.....	2,406,553	2,200,600
Issue of capital stock.....	10,000,000	61,000,000
Total funds provided.....	12,406,553	81,490,270

The issue of capital stock in both fiscal years was intended to secure the funds necessary to pay claims arising in the Philippine Islands. However, Public Law No. 370, the Philippine Rehabilitation Act, provides for settlement of these claims through other sources and relieves the War Damage Corporation of this expenditure. Therefore the expenses in 1946 will be \$702,517 and in 1947 will be \$20,490,270. All such expenses are related to the final settlement of the affairs of the Corporation.

NATIONAL HOUSING AGENCY

OFFICE OF THE ADMINISTRATOR-EXPEDITER

This Office has two distinct but necessarily related and integrated functions: administration of the National Housing Agency, which is composed of agencies having responsibility for various civilian housing programs which previously were vested in 16 different Government agencies, and the functions of the Housing Expediter who has power to direct positive Government action to meet shelter needs, particularly those of the veteran. The authority and responsibility flow from numerous Federal statutes some of which are permanent, such as the Home Loan Bank Act, and others which are purely temporary, such as the Veterans' Emergency Housing Act, Public Law 388 signed by the President on May 22, 1946. The expenses of the consolidated office of Administrator and Expediter are paid out of appropriations heretofore made. Prior to the enactment of Public Law — it was estimated that \$8,085,000 would be required for 1947 for all expenditures of this Office. This includes \$5,601,000 for 1,379 man-years of personal services. Subsequent to the enactment of Public Law 388 this budget was amended to provide for \$10,800,000 including \$7,515,059 for 1,817 man-years of personal services. The increase of 438 man-years is intended for the central office in Washington.

The committee is fully aware of the monumental task confronting the Administrator-Expediter and desires to make every needed provision for his work. This is a housing program for veterans and the need is so urgent the committee has accepted the estimates of the Administrator-Expediter but the task is new and those in charge of the program are under the necessity of estimating their requirements without a basis of experience for such estimates. The committee desires to impress upon them the necessity of keeping administrative expenses under constant review in order to minimize the cost of the program.

Members of the committee have expressed concern over the plan to expand the Washington office without expanding the regional and field offices which are adjacent to the problems involved and immediately available to those who will have occasion to contact the agency. Whether or not concentration of controls in Washington will serve unduly to complicate procedure and delay action on applications without commensurate advantages is a question which the committee feels the Administrator-Expediter should carefully consider in planning his work and developing his organization.

FEDERAL HOME LOAN BANK ADMINISTRATION

The Federal Home Loan Bank Administration was created by Executive Order 9070 to administer the functions, powers, and duties of: (1) The Federal Home Loan Bank Board, created by the Federal Home Loan Bank Act of 1932, and of its members; (2) the Board of Trustees of the Federal Savings and Loan Insurance Corporation; (3) the Board of Directors of the Home Owners' Loan Corporation; and (4) certain functions, powers, and duties with respect to the

United States Housing Corporation which was established to provide housing in World War I, and which is now fully liquidated.

By Reorganization Plan No. 1 which became effective July 1, 1939, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation were grouped with other agencies in the Federal Loan Agency where they remained until the issuance of Executive Order 9070.

The Federal Home Loan Bank Administration is administered by the Federal Home Loan Bank Commissioner. Under the Commissioner, the operations of the Federal Home Loan Bank System are directed by a governor and those of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation are each directed by a general manager.

FEDERAL HOME LOAN BANK SYSTEM

The Federal Home Loan Bank System is composed of 12 Federal home loan banks, which are mixed-ownership corporations and therefore not required to submit budgets under the Corporation Control Act, and various building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. This system performs substantially the same function in the field of home mortgage credit which the Federal Reserve System performs as a credit reserve for commercial banks and the Federal land banks perform in the field of farm finance. The only item related to this system which is carried in the bill is the limitation on administrative expenses, estimated at \$1,602,000, and reduced by the committee to \$1,400,000.

FEDERAL SAVINGS AND INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was established under title IV of the National Housing Act of June 27, 1934, as a means of restoring and maintaining confidence in the thrift and home-financing institutions of the savings and loan type. Recognizing the importance of available credit for purposes of stimulating recovery from heavy depression and of providing a permanent and reliable source of funds for economical home financing, the Congress provided the safety of insurance up to \$5,000 for each account of investors in approved institutions.

Originally the Corporation was under the direction of a board of trustees whose membership was identical to that of the Federal Home Loan Bank Board. As a result of Reorganization Plan No. 1, which took effect on July 1, 1939, the Corporation was grouped with other organizations under the Federal Loan Agency. On February 24, 1942, the Board was vacated under the terms of Executive Order 9070 and all of its duties and powers were transferred to the Federal Home Loan Bank Administration, which was made one of the three constituent units of the National Housing Agency. In this reorganization the corporate entity remained intact and its functions and purposes continued without change.

The authorized and paid-in capital stock of the Corporation amounts to \$100,000,000 and is held by the Home Owners' Loan Corporation in accordance with an act of Congress. The Home Owners' Loan Corporation is entitled to dividends on this stock at a rate equal to

the interest rate on the bonds received in payment therefor, such dividends to be cumulative. Dividends were paid from June 27, 1934, to June 30, 1935, since which time they have been accumulated at the rate of \$3,000,000 per year. Deferment of dividend payments was for the purpose of accelerating the building of loss reserves with resulting strengthening of the insurance program. Because of the dividend obligation as well as the basic insurance liability of \$4,817,-285,000 on 2,471 insured savings and loan associations as of June 30, 1945, the Corporation does not contemplate the return of any Government capital during 1947.

While the Corporation has authority to borrow money on notes, bonds, and debentures, there are now no such obligations outstanding or in contemplation. In addition to the capital stock, surplus reserves amounted to \$57,000,000 on June 30, 1945, and will reach a total of \$72,700,000 by June 30, 1947.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1117 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$7, 500, 600	\$9, 002, 000
Expenses, insurance claims and rehabilitation costs.....	4, 712, 400	¹ 8, 436, 000
Total funds applied.....	12, 213, 000	17, 438, 000
FUNDS PROVIDED		
Realization of assets.....	2, 984, 460	7, 857, 460
Revenues.....	9, 228, 540	9, 580, 540
Total funds provided.....	12, 213, 000	17, 438, 000

¹ Includes \$532,000 for administrative expenses.

The Corporation has purchased \$7,500,000 worth of Government securities in 1946 and will purchase another \$9,000,000 in 1947. Insurance premiums amounted to \$5,500,000 in 1946 and are estimated at \$5,700,000 in 1947, while payment of claims accounted for an expenditure of \$3,418,000 in 1946 and is estimated to cost \$7,-179,000 in 1947.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes, the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the principal function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Corporation.

Through this process the Corporation is and has been proceeding with a rapid and orderly liquidation of its assets. Its objectives are to assist as many borrowers as possible to preserve and ultimately own their homes free and clear of debt and to conclude its operations, if possible, without loss to the Federal Government and the taxpayers.

Originally the Corporation was under the direction of a board of directors, the membership of which was identical to the Federal Home Loan Bank Board. As a result of Reorganization Plan No. 1, which took effect on July 1, 1939, the Corporation was grouped with other organizations under the Federal Loan Agency. On February 24, 1942, under terms of Executive Order 9070, the Board was vacated and all of its duties, powers, and functions were transferred to the Federal Home Loan Bank Administration under the direction of a single commissioner and was made one of the three constituent units of the National Housing Agency. In this reorganization the corporate entity remained intact and its functions and purposes continued without change.

The total amount of the Corporation's authorized capital, \$200,000,000, was subscribed and paid for by the Secretary of the Treasury. The Corporation has authority to issue \$4,750,000,000 in bonds and on June 30, 1945 \$1,026,000,000 of such bonds were outstanding. It is expected that by June 30, 1947 the total bonds outstanding will have been reduced to \$588,000,000.

It was originally anticipated that this Corporation would suffer considerable loss, but it now appears that the actual loss eventually to be taken will be only a fraction of the amount loaned. The total obligations of the Corporation at one time exceeded \$3,400,000,000 and it is now estimated that the deficit as of June 30, 1947 will be \$64,100,000. This is approximately half the book deficit as of June 30, 1944.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1122 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$1,486,000	\$1,370,000
Expenses.....	14,911,000	¹ 12,151,000
Retirement of borrowings.....	256,982,000	181,000,000
Total funds applied.....	273,379,000	194,521,000
FUNDS PROVIDED		
Realization of assets.....	233,617,000	162,826,000
Revenue.....	39,762,000	31,695,000
Total funds provided.....	273,379,000	194,521,000

¹ Includes administrative expenses estimated at \$5,179,000 and reduced by the committee to \$4,500,000.

The Corporation has had no authority to make new loans for 10 years and exists only for the purpose of servicing those loans still outstanding. This task lessens as the years go by and the committee is of the opinion that it would be desirable for the responsible officials to survey the organization and procedures with a view to bringing the organization and administrative expenses in line with the reduced work load.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established June 27, 1934, under provisions of the National Housing Act, to encourage improvement in housing standards and conditions and to promote a stable mortgage market through a system of mutual mortgage insurance for private mortgage loan institutions. Under this act, title I provides principally for insurance of loans for repair and modernization of existing residential properties. These as a general rule are short-term unsecured character loans. Title II provides insurance for long-term mortgage loans on residential construction. The legal authorization for insurance of mortgages on existing structures expires June 30, 1946, and from that date all insurance under title II will apply to new construction. On March 28, 1941, title VI was added to provide authority for insuring mortgages on privately financed war housing. As of June 30, 1945, the Administration had insured loans and mortgages under all three titles in a face amount of 8,597 million dollars, of which 4,569 million dollars were still outstanding.

Provision has been made in 1947 for the insurance of 850,000 loans for renovation and repair of existing structures under title I, an increase of 375,000 over the estimate for fiscal year 1946. The volume of activity estimated for 1947 under this title is higher than the pre-war level, the accumulated need for long-delayed repairs and improvements being greater than at any previous time. Defaulted title I notes have been paid off in recent years at a favorable rate and the volume of new defaults is not large; however, the number and value of defaulted notes held for collection are expected to increase slightly based upon the increased volume. Premium receipts and cash recoveries under this title are expected again to exceed the amount of claims paid plus administrative expenses.

A request for authorization to transfer \$3,000,000 from the title I revolving fund for the purpose of payment of losses has been approved by the committee.

The estimate for administrative expenses, \$17,624,000 is practically a 50 percent increase over 1946, but is one of the few items for such expenses which the committee has approved in full. The estimate was prepared prior to the enactment of the Veterans' Housing Act, Public Law 388, and it is contemplated that any activity resulting from the operations of such act will be absorbed within the amount proposed. If the housing construction program moves as rapidly as it must, if housing needs are to be met, and if the expectations of Congress in enacting housing legislation are to be realized, the full amount undoubtedly will be required.

FEDERAL PUBLIC HOUSING AUTHORITY

The Federal Public Housing Authority is one of the three constituent units of the National Housing Agency provided for by Executive Order 9070, issued February 24, 1942, under authority contained in title I of the First War Powers Act, 1941. Under the Executive order, the functions of a number of agencies concerned with defense and low-rent housing were consolidated into the Federal Public Housing Authority, with responsibility for the development and management of housing built with public funds.

The agencies and activities included in the consolidation were—

The United States Housing Authority.

The division of defense housing of the Federal Works Agency.

The division of mutual ownership of the Federal Works Agency.

The defense housing program of the Public Buildings Administration.

The housing of the War and Navy Departments (except projects on military and naval reservations).

The nonfarm housing of the Farm Security Administration.

The Defense Homes Corporation.

The functions of the Authority are divided into six programs, which are presented separately.

PUBLIC WAR HOUSING PROGRAM

Early in the war the Congress authorized provision of housing for defense workers in several different laws. Many of these programs were authorized in connection with munitions and other war production construction items and had their origin under several different agencies of the Government. By Executive Order 9070, 1942, all these housing functions were transferred for administration to the Federal Public Housing Authority in the National Housing Agency and there they have since continued; \$1,644,000,000 was expended from the various appropriations for these purposes and the income from the rentals has been used to pay expenses of project operation and maintenance.

Public war housing program—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1236 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$67, 126, 182	\$75, 852, 173
Expenses.....	53, 591, 326	65, 714, 806
Payment of general fund receipts to U. S. Treasury.....	50, 000, 000	55, 365, 421
Total funds applied.....	170, 717, 508	196, 932, 400
FUNDS PROVIDED		
Realization of assets.....	97, 934, 408	133, 464, 000
Revenues.....	72, 783, 100	63, 468, 400
Total funds provided.....	170, 717, 508	196, 932, 400

Project revenues in the gross amount of \$63,468,000 are offset, to the extent of \$29,027,000, operating expenses on such projects. The Federal Public Housing Authority probably has as difficult a job before it as any agency of the Government in liquidating wartime activities. Housing of various types was built wherever needed during the war, oftentimes without regard—or even without considering—the possible permanent utilization of such housing. The Authority is now in the throes of a redistribution of all temporary housing and the realinement of its entire program to meet insofar as possible the postwar housing shortage. At the conclusion of the present emergent period there will then remain the task of final liquidation and disposition of all wartime projects whether permanent or temporary.

HOMES CONVERSION PROGRAM

The homes conversion program was originated in calendar year 1942, under the provisions of the Lanham Act, and initiated by the Home Owners' Loan Corporation.

Development activities were largely completed prior to the transfer of this program to the Federal Public Housing Authority. Management responsibility was so transferred on August 1, 1944, and concluding development responsibility on July 1, 1945.

The purpose of the program was to provide urgently needed additional housing for war workers by remodeling existing structures, such as large single-family residences, warehouses, factory buildings, and similar structures, into multiple-unit family dwellings, with a minimum expenditure of critical war materials and manpower.

The program was financed in the development stage entirely from war-housing appropriations, at a cost of approximately \$90,000,000. Since physical development activities have been completed, there will be no further use of war-housing appropriations except to settle existing obligations. Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total reserve of \$25,000,000 so authorized, \$5,000,000 has been apportioned to this program. Operating income is adequate to meet all operating expenses and to return to the Treasury a substantial portion of the Government's initial outlay.

Homes conversion program—condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1240 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$7, 612, 759	\$1, 513, 500
Expenses.....	18, 271, 800	14, 964, 300
Payment of general fund receipts to U. S. Treasury.....	0	7, 233, 817
Total funds applied.....	25, 884, 559	23, 711, 617
FUNDS PROVIDED		
Realization of assets.....	2, 171, 759	4, 280, 317
Revenue.....	23, 712, 800	19, 431, 300
Total funds provided.....	25, 884, 559	23, 711, 617

At the beginning of the fiscal year 1946 there were 49,485 housing units under management and this figure will probably be reduced to 34,580 at the end of fiscal year 1947.

It is the policy of the Federal Public Housing Authority to negotiate cancellations of leases on properties no longer needed to house veterans or war workers, when—

(1) the property cannot be made to produce a net profit before charges for amortization of capitalized cost; or

(2) the owner desires to obtain cancellation and is willing to purchase the unexpired lease term at a price satisfactory to the Government.

Wherever cancellations are negotiated, a stipulation is made which requires continued occupancy preference for veterans.

The proceeds from lease cancellations have averaged approximately 33 percent of the original contract cost. It is estimated that by the end of 1947 the gross cost of this program will be in excess of \$36,000,000.

VETERANS' HOUSING PROGRAM

The acute housing shortage, which became a grave national emergency with the return of millions of men from the armed forces, is creating severe hardship for veterans and their families unable to obtain shelter. It is also causing distress to families of servicemen, and to veterans unable to secure the educational benefits provided by law because of the lack of housing at schools and colleges. The Congress therefore added title V to the Lanham Act on June 23, 1945, and amended that title December 31, 1945. An additional authorization to provide temporary housing for veterans was granted in Public Law 336, approved March 28, 1946. Under the authority contained in title V, the Federal Public Housing Authority is providing temporary housing for veterans and servicemen to local governments, educational institutions, local public agencies, and nonprofit organizations. This is accomplished by relocation or conversion of existing federally owned structures, including Federal Public Housing Authority temporary war housing and surplus facilities, such as barracks and quonset huts obtained from other Federal agencies without reimbursement. Re-use makes temporary housing available quickly and at a minimum cost, and conserves new building materials for permanent residential construction. Reimbursement is made under title V to local bodies that had incurred relocation expenses in providing temporary housing for veterans' re-use prior to the act of December 31, 1945.

To carry out the purpose of title V, the Congress appropriated \$191,900,000 on December 28, 1945, to the Administrator of the National Housing Agency. Of this appropriation, \$188,900,000 has been transferred to Federal Public Housing Authority to provide approximately 100,000 dwelling units for veterans. An additional 100,000 units was provided by a further appropriation of \$253,727,000, authorized by Public Law 336. Of the latter amount, \$243,815,000 has been transferred to the Federal Public Housing Authority making a total of \$432,715,000 available in order to provide approximately 200,000 temporary dwelling units.

The following table indicates the amounts which will be obligated and expended from the foregoing appropriations during 1946 and 1947:

	Obligations		Expenditures		Total, fiscal years 1946 and 1947
	Fiscal year 1946	Fiscal year 1947	Fiscal year 1946	Fiscal year 1947	
Direct reutilization costs.....	\$313,894,000	\$106,327,452	\$97,049,400	\$323,172,052	\$420,221,452
Field supervision and inspection.....	6,406,000	2,169,948	6,050,000	2,525,948	8,575,948
Administrative expenses.....	1,717,700	2,199,900	1,622,000	2,295,600	3,917,600
Total.....	322,017,700	110,697,300	104,721,400	327,993,600	432,715,000

These funds and the structures and facilities available for conversion to temporary housing as contemplated by the program will provide less than half of the now known demands for temporary

shelter which are coming from communities, colleges, etc. Prior to appropriation of funds, various local bodies had already undertaken removal and reuse of 15,000 housing units at their own expense. The law authorized reimbursement for these expenses and approximately \$10,000,000 of the expenditures in 1946 will be for this purpose. The program was originally scheduled to have 100,000 units ready for occupancy by July 1 and the remainder ready for occupancy by January 1, 1947. It is now estimated that the actual accomplishments will fail to meet these dead lines by about 60 days. The following three factors stated in the order of their importance served to delay the program:

- (1) Lack of available sites.
- (2) Shortage of labor.
- (3) Shortage of material.

Under the act the Federal Government does not provide the sites, and the local communities where housing is to be located are required as part of their share of the cooperative program to furnish sites without cost to the Federal Government. At the outset considerable delay was experienced in the negotiations with local bodies for sites, but this problem seems now to have been met and no further delay on this account is anticipated. The shortages of labor and material still are important.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1244 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	¹ \$328,314,359	\$10,815,857
Reconversion of housing costs.....	104,817,100	327,897,900
Expenses.....	616,741	3,051,343
Total funds applied.....	433,748,200	341,765,100
FUNDS PROVIDED		
Realization of assets.....	0	¹ 327,897,900
Revenue.....	1,033,200	13,867,200
Appropriations ²	² 432,715,000	0
Total funds provided.....	433,748,200	341,765,100

¹ Includes \$327,897,900 in unexpended appropriations for 1946 carried forward to be expended in 1947.

² Appropriations amounted to \$445,672,000, however, \$12,912,000 was allocated for administration, Federal Public Housing Authority.

All projects are to be managed by participating local bodies and a project management plan covering tenant eligibility, rentals, allowable charges to expenses, and methods for determining net operating income are incorporated in the contract. The local management body pays the net proceeds from operations to the Federal Public Housing Authority, and there is no other provision for repayment to the Federal Government of the program cost. As will be noted in the foregoing table, revenues in 1946 are negligible inasmuch as relatively few units will be occupied during such fiscal year, and revenues for 1947 still will be comparatively low as most of the units will be occupied for only a part of the year. The amount which eventually will be recovered will depend to a large degree on how long housing of this type is needed as well as the length of time the makeshift structures provided are suitable for use as dwellings.

DEFENSE HOMES CORPORATION

The Defense Homes Corporation was incorporated under the laws of the State of Maryland on October 23, 1940, by direction of the President. Executive Order 9070 transferred the Corporation and its capital stock to the National Housing Agency to be administered by the Federal Public Housing Authority. The purpose of this organization was to provide housing accommodations of a permanent nature in defense areas for use by defense workers during the emergency, such housing to be disposed of subsequent to the emergency at prevailing market prices.

The Corporation has an authorized capital stock of \$10,000,000, all of which was issued and remains outstanding. Allocations to the Federal Loan Administrator from the emergency fund for the President were originally used to purchase the capital stock, but these funds were subsequently reimbursed from Lanham Act appropriations authorized to be used for that purpose. The Corporation was authorized to borrow not to exceed \$65,750,000 from the Reconstruction Finance Corporation. Such borrowings are to be repaid from the net income from operation of the properties after provision of adequate reserves for depreciation, vacancy losses, and the payment of all expenses, and from proceeds of disposition.

Present plans contemplate the disposition of 4,487 housing units in fiscal year 1946, and 5,273 units in fiscal year 1947, which, if achieved, will result in the complete liquidation of the properties by June 1947. Indications are that the sale prices will result in a profit on all properties with the exception of two. It is believed that these two properties can be sold at a price that will result in the Corporation being able to liquidate without loss to the Government. Funds provided by the disposition of properties are estimated as follows:

	Fiscal year 1946	Fiscal year 1947
Real property at cost less depreciation (exhibit A)	\$17,863,000	\$46,912,879
Add: Profit on sales of properties	2,400,000	
Less: Loss on sales of properties		4,466,433
Funds provided by disposition	20,263,000	42,446,446

Defense Homes Corporation—Condensed statement of salaries and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 246 of the hearings]

	1946 Estimated	1947 Estimated
FUNDS APPLIED		
Acquisition of assets	\$598,000	\$8,129,595
Expenses and cost of sales	5,226,391	12,680,900
Retirement of borrowing	21,829,000	35,093,360
Total funds applied	27,653,391	45,903,855
FUNDS PROVIDED		
Realization of assets	20,299,000	42,483,446
Revenue	6,996,391	3,420,409
Borrowing	358,000	
Total funds provided	27,653,391	45,903,855

¹ Includes administrative expenses, estimated at \$98,400, and reduced by the committee to \$75,000.

As of June 30, 1947, it is estimated that the assets of the Corporation will total \$10,000,000 of which \$9,154,122 will be cash on deposit with the Treasurer of the United States and \$845,878 will be loans receivable which it is expected eventually will be collected in full. This program should result in no loss to the Government.

CORPORATE PROGRAM

The United States Housing Authority, which was transferred to the Federal Public Housing Authority under Executive Order 9070, was created on September 1, 1937, by Public Law 412, to provide low-rent housing for families of low income who could not otherwise afford decent, safe, and sanitary dwellings. This basic act, known as the United States Housing Act of 1937, authorized the Authority to make loans to local public housing agencies for the purpose of financing the development of slum-clearance and low-rent-housing projects. The Authority also was authorized to execute contracts for the payment of annual contributions (subsidies) for 60 years.

An important amendment was added by Public Law 671, approved June 28, 1940. This amendment made the unused portion of the borrowing authorization under the United States Housing Act of 1937 available to construct permanent housing to be used for the duration primarily for housing war workers. In accordance with this purpose, the projects initiated under Public Law 671 have been occupied chiefly by war workers who pay rents sufficient to meet all capital and operating costs. The projects are required by the act to be converted to low-rent use on a Presidential finding that the war need has ended. This conversion to so-called low-rent use, however, would necessitate appropriation and payment of annual contributions or rent subsidies.

Public Law 412 also authorized the President to transfer to the Authority the public housing projects and functions of the Public Works Administration Housing Division, and this was done in October 1937, by Executive Order 7732. Unlike the United States Housing Authority projects, which were constructed through local authorities by use of loan and annual contribution contracts, the Public Works Administration projects were built by the Federal Government with appropriated funds. Public Works Administration mortgage loans to private limited dividend housing corporations were transferred under the same order.

The Authority was created as a "body corporate of perpetual duration," with \$1,000,000 in capital stock subscribed by the Treasury. The basic act as amended provides a borrowing and a lending power amounting to \$800,000,000. Funds borrowed under Public Law 412 were to be used for loans to local housing agencies covering not more than 90 percent of the development cost of individual housing projects. The Public Law 671 war amendment permitted loans to cover 100 percent of development cost, or direct construction by the Federal Government. By June 30, 1945, the Authority had borrowed \$398,000,000, of which \$15,000,000 had been repaid, leaving \$383,000,000 outstanding. Long-term loans of \$346,893,000 had been made to local housing agencies, of which \$64,031,000 had been repaid by refunding operations. Another \$5,197,944 was outstanding on short-term advance loan notes. Thus, the outstanding balance of loans receivable from local housing authorities, as of June 30, 1945, amounted

to \$288,059,944. Thirty-two million four hundred and sixty thousand two hundred and twenty-six dollars had been used for direct Federal Public Housing Authority construction of war housing projects under Public Law 671. From private sources local authorities had obtained \$371,033,000. This amount is made up of \$226,769,000 in temporary loan notes, secured by a Federal Public Housing Authority pledge to redeem them at maturity, if necessary, and \$144,264,000 in bonds. The total paid-in capital of \$185,154,529 as of June 30, 1945, consists of \$1,000,000 in capital stock, funds, and property amounting to \$140,746,283 transferred from the Public Works Administration Housing Division, and cumulative appropriations for the payment of annual contributions on low-rent projects of \$43,408,246. The maximum amount of annual contributions which may be contracted for by the Federal Public Housing Authority may not exceed \$28,000,000.

In addition to the locally owned projects the Federal Government will own, in 1947, 104 projects under this program. Of this number 50 are the carry-over projects from Public Works Administration, 22 are projects constructed by the Federal Government under Public Law 671, and 32 are projects in the State of Ohio constructed under Public Law 412, to which it was necessary for the Federal Government to take title after a decision of the Ohio courts denying tax exemption and thereby preventing the local contributions required under the act. Disposition of the Ohio projects probably will depend upon further legislation, either Federal or State. In the meantime they are being rented at economic rents and no subsidies are being paid.

The 22 federally owned projects constructed under Public Law 671, if the plans and policies of the Housing Agency are followed, will be converted eventually to low-rent status. However, this would necessitate the execution of contracts for payment of rent subsidies, for a period of 60 years by the Federal Government, but this cannot now be done because the present law places a limitation of \$28,000,000 on the amount of annual subsidies which may be contracted. It will not be possible to convert these projects to low-rent status until such time as there is further contractual authority provided by Congress. In the meantime the projects will be operated by the Federal Government and rental rates are fixed to produce income sufficient to pay operating and maintenance expenses.

Corporate program—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1253 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$24, 547, 926	\$75, 032, 240
Expenses and contributions.....	15, 588, 825	24, 294, 277
Retirement of borrowings.....	0	20, 000, 000
Total funds applied.....	40, 136, 751	119, 326, 517
FUNDS PROVIDED		
Realization of assets.....	19, 197, 253	94, 663, 892
Revenue.....	13, 339, 498	12, 062, 625
Appropriations (contributions).....	7, 600, 000	¹ 12, 600, 000
Total funds provided.....	40, 136, 751	119, 326, 517

¹ Reduced by committee to \$8,300,000.

Of the projects constructed under Public Law 671, 107 are owned by local authorities under a contract with the Federal Government, which stipulates that, upon a finding by the President that the war need has ended, they shall be converted to low-rent projects and at which time the first annual contribution would be payable. This finding has been made with respect to all but 16 of such projects.

The committee has declined to appropriate the amount, \$4,300,000, to be used for the payment of subsidy on these projects. In doing so the committee has taken notice of the high level of national employment and income and of the low rentals at which approximately the 42,000 apartments are now rented as compared with the rents prevailing throughout the country. In this connection it should be pointed out that the apartments, having from one to four bedrooms each, rent at an average of \$33 per month, which includes heat and all utilities. The committee believes that these projects are already comparatively low-rental projects. The committee believes that as vacancies occur during the ensuing year in these projects, low-income families can be admitted as tenants at economic rents and that the rents which they will pay in most instances will be considerably lower than such families are now paying for less desirable quarters elsewhere. The Federal Public Housing Authority is directed to undertake to fill all vacancies occurring in these projects with families of as low income as is consistent with the law and the payment of the present project rentals.

In view of the high level of national income and employment, which is reflected in average family income, the committee has recommended the appropriation of \$8,300,000 for rent subsidies on projects now being operated as so-called low-rent projects with considerable misgiving, and has done so because of the necessity of meeting obligations of contracts which have been entered into pursuant to an act of Congress and which have already become operative. However, during the coming year the committee will have its investigating staff carefully examine the budgetary requirements of the local housing authorities, the financial status of tenants, and in general make a thorough check of the need for payment of rent subsidies with a view to keeping at a minimum the amount of Federal expenditures.

The Federal Public Housing Authority officials are also directed to give the closest possible scrutiny and personal attention to the operating budgets of the local authorities and to the necessity of paying rent subsidies for occupants of the projects.

FARM SECURITY ADMINISTRATION PROGRAM

Executive Order 9070 of February 24, 1942, transferred to the National Housing Agency (Federal Public Housing Authority) "all functions, powers and duties of the Farm Security Administration relating to such housing projects as the Administration determines are for families not deriving their principal income from operating or working on a farm." The Farm Security Administration projects were developed out of funds appropriated by section 208 of the National Industrial Recovery Act of 1933, and the Emergency Relief Appropriation Act of 1935. The original purpose of these projects was threefold, (1) to rehabilitate families in distress by providing them with a homestead on which they could supplement income received by seasonal industrial work, (2) to demonstrate a method of

redistributing what was considered an overbalance of population in industrial centers by constructing small suburban communities insulated from encroachment by a greenbelt of farms and forests, and (3) to provide work relief and to increase employment by providing useful projects.

Thirty-one subsistence homesteads, three greentowns (Greenbelt, Greenhill, and Greendale), and eight undeveloped projects were transferred to the Federal Public Housing Authority under Executive Order 9070. In addition a number of loans to cooperative business enterprises connected with these projects, were transferred from the Farm Security Administration. The eight undeveloped projects were immediately declared surplus and turned over to Public Buildings Administration for disposal. The interest of the Federal Public Housing Authority in 16 of the subsistence homestead projects sold to tenant associations prior to the transfer of these projects pursuant to Executive Order 9070 is represented by mortgage holdings. As of July 1, 1945, 14 homestead projects and 3 greentowns were under direct operation by the Federal Public Housing Authority, 1 project having been declared surplus by the Federal Public Housing Authority during fiscal year 1945.

Development of this program was financed from appropriated funds, and assets representing \$65,906,689 of such funds were transferred to the FPHA. Administration of these projects is carried on under the terms of the Bankhead-Black Act of 1936, which provides that operating income may be used for operation and maintenance. These funds have also been used to cover disposition expenses, in accordance with annual acts appropriating these operating revenues under the title "Liquidation and management of resettlement projects."

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1256 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Expenses.....	\$1, 536, 113	\$1, 277, 327
Payment of funds to U. S. Treasury.....	2, 387, 346	2, 053, 900
Total funds applied.....	3, 923, 459	3, 331, 227
FUNDS PROVIDED		
Realization of assets.....	1, 971, 213	1, 734, 476
Revenue.....	1, 952, 246	1, 596, 751
Total funds provided.....	3, 923, 459	3, 331, 227

The Federal Public Housing Authority is now in the process of disposing of all units taken over from the Farm Security Administration and a schedule of dispositions appears on page 1382 of the hearings. All properties except the "greentowns" probably will have been sold by January 1, 1948, and it is expected that the "greentowns" can be disposed of by June 30, 1948. So by that time the Government should be free of ownership of any real property in these projects. Some mortgages will be taken in the sale of projects, and it will be necessary to service these mortgages for some years, but the time required to look after them will be so small that the task can be absorbed either

by some unit of the Housing Agency or some other agency of the Government without additional expense for administration.

Subsequent to the presentation of the budget, it was determined that it would be necessary to expend \$99,500 of the receipts derived from operation of the projects for purposes incident to disposition of the three suburban projects known as Greenbelt, Greendale, and Greenhills. It will be necessary to make surveys, to plat areas to be sold, to lay out and dedicate streets and other public ways, and, in some instances, to rearrange, extend, and dispose of existing streets and facilities. In a supplement to the budget (House Document No. 584) a request was made for authority to use not to exceed \$99,500 of receipts from operation of the projects for these purposes. The committee is of the opinion that the work proposed is necessary to disposition of the properties on terms most advantageous to the Government and has therefore included the proposed authority in the bill.

ADMINISTRATIVE EXPENSES

A single administrative expense budget is presented for all of the units under the Federal Public Housing Authority. For 1947 it was proposed that \$19,845,400 be expended from the various funds available to the Authority for this purpose as compared with \$17,229,400 for like services in 1946. Included in this amount were funds for an increase of 570 man-years of personal services in addition to 3,812 in 1946. Before the end of fiscal year 1947 the burdens of this Authority will have been greatly reduced by completion of the veterans temporary housing program and other activities will have reached a stabilized basis so it should therefore be possible materially to reduce administrative expenses before the end of the year. The committee has therefore placed a limitation of \$18,000,000 on the amount to be expended for administration.

DEPARTMENT OF AGRICULTURE

COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation was created under the laws of the State of Delaware pursuant to Executive Order 6340, dated October 16, 1933, issued by virtue of the authority vested in the President by section 2 (a) of the National Industrial Recovery Act of June 16, 1933. The act of January 31, 1935, directed that the Corporation should "continue until April 1, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States." The Corporation has been continued until June 30, 1947, as an agency of the United States by successive amendments to the act of January 31, 1935. By section 201 of the President's Reorganization Plan No. 1 the Corporation was made a part of the United States Department of Agriculture, and its operations were placed under the supervision and control of the Secretary of Agriculture.

The charter of the Commodity Credit Corporation authorizes the Corporation, among other things, to engage in buying, selling, lending, and other activities with respect to agricultural commodities, products thereof, and related facilities.

These charter powers have enabled the Corporation to engage in extensive operations for the purpose of increasing production, stabilizing prices, assuring adequate supplies, and facilitating the efficient distribution of agricultural commodities, foods, feeds, and fibers to meet the needs of the war emergency. These operations of the Corporation group themselves into the following major types of programs: A price-support program; a foreign-purchase program; a subsidy program; a supply program; a commodity export program; and a loan program for agricultural conservation purposes. Many of the Corporation's operations, in addition to those provided for in the charter, have been carried out in response to specific congressional mandates.

The law requires an appraisal of the assets of the Corporation at the end of each fiscal year and authorizes appropriations to meet the impairment of the capital or the surplus covered into the Treasury as the case may be.

The Commodity Credit Corporation was originally capitalized for \$3,000,000, subscribed by the Secretary of Agriculture and the Governor of the Farm Credit Administration. The funds for such subscription were derived from the appropriation authorized by section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933. In accordance with the act of April 10, 1936, the Corporation's capitalization was increased to \$100,000,000, the additional \$97,000,000 of the Corporation's stock being acquired by the Reconstruction Finance Corporation. By section 3 of the act of March 8, 1938, the Secretary of Agriculture, the Governor of the Farm Credit Administration, and the Reconstruction Finance Corporation were directed to transfer the ownership of the stock of the Corporation to the United States. That section also provided that all rights of the United States arising out of the ownership of such stock should be exercised by the President of the United States or by such officers or agencies as he might designate. Executive Order No. 8219, issued August 7, 1939, transferred to the Secretary of Agriculture the authority to exercise on behalf of the United States all rights arising out of the ownership of the stock of the Commodity Credit Corporation.

The act of March 8, 1938, authorized the Corporation, with the approval of the Secretary of the Treasury, to issue and have outstanding bonds, notes, debentures, and similar obligations in an aggregate amount not to exceed \$500,000,000, fully guaranteed as to principal and interest by the United States Government. The borrowing power of the Corporation was increased by successive amendments to the act of March 8, 1938, and now, by virtue of the act of April 12, 1945, the Corporation is authorized to borrow \$4,750,000,000 on the credit of the United States. On June 30, 1945, obligations outstanding amounted to \$2,224,141,879.

From 1938 to and including 1944, capital impairments appropriated total \$472,287,649, and surpluses covered into the Treasury for 2 years total \$71,572,244, so the net cost to the Treasury in those years is \$400,715,405. During those years, 1938 to 1944, the appraisal was made on March 31 but the law has now been changed to require the appraisal on June 30 of each year. The appraisal on June 30, 1945, covering a 15-month period, indicates a capital impairment of \$921,456,561.10 for which an estimate is included in the Budget. If this money were appropriated the Commodity Credit Corporation would

immediately pay the entire amount to the Treasurer of the United States on its indebtedness to the Treasury and the Treasury would in turn cancel that amount of the indebtedness of the Commodity Credit Corporation. In lieu of an appropriation the committee has included in the bill a provision directing the Secretary of the Treasury to discharge \$921,456,561.10 of the indebtedness of the Corporation to the Treasury by canceling notes of the Corporation in such amount. The result, so far as Commodity Credit Corporation and the Treasury are concerned, will be the same as though an appropriation had been made.

It is expected that the capital impairment on June 30, 1946, will amount to approximately \$890,000,000 and on June 30, 1947, to \$966,000,000, although this latter figure is contingent upon the subsidy program the extent of which is not yet known, to be undertaken in 1947. The subsidy program accounted for a loss of \$739,000,000 in the fiscal year 1945, and is almost solely responsible for the capital impairment for the 15-month period ended June 30, 1945. The loss to the Corporation on account of subsidy payments in 1946 is estimated at \$819,000,000. (The benefits of this subsidy program inure almost entirely to consumers in that such payments permit the maintenance of price ceilings at a level lower than would have been the case had no subsidy been paid.) The price-support program resulted in a loss of \$26,000,000 in 1945 and is expected to lose approximately \$29,000,000 in 1946. This program is of direct benefit to the producers.

For some years the Agriculture Appropriation Act, which included provision annually for administrative expenses of the Corporation, carried certain limitations with respect to sales by the Commodity Credit Corporation of commodities at less than parity prices. The purpose of these restrictions was to prevent the sale of commodities at prices which might depress the markets and thereby occasion a result directly opposed to the purposes for which the Corporation was established—maintenance of prices of agricultural commodities at levels which will insure as nearly as possible a fair return to the producers. The budget, as presented to the Congress, proposed the elimination of these restrictions but the committee has restored them to the bill as a necessary safeguard.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 382 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$196,819,973	\$692,365,000
Expenses, subsidies, and cost of goods sold.....	3,621,156,739	2,383,532,100
Retirement of borrowings.....	4,179,141,879	3,300,000,000
Total funds applied.....	7,997,118,591	6,375,897,100
FUNDS PROVIDED		
Realization of assets.....	¹ 1,139,361,344	¹ 857,437,439
Revenues.....	2,732,757,247	1,427,003,100
Borrowings.....	3,625,000,000	3,170,000,000
Appropriations.....	500,000,000	
Cancellation of notes.....		921,456,561
Total funds provided.....	7,997,118,591	6,375,897,100

¹ Includes net decrease in working capital.

The committee has reduced the administrative expense item included under "Expenses, subsidies, and cost of goods sold," from \$8,760,000 to \$8,000,000, and has eliminated the authority for the purchase of 10 automobiles intended for use in warehouse-inspection activities. The Committee on Appropriations recommended, and the House has approved, the consolidation of all warehouse-inspection services of the Department of Agriculture under one head and the expenses of this activity are provided in the Department of Agriculture appropriation bill.

The estimates included in the foregoing table for program activities are based on the best information now available as to needs for the ensuing year but there are many indeterminable factors which may have considerable bearing on the operations of the corporation during the year and it is not possible to forecast accurately what the requirements will be. Actual experience as the fiscal year advances and crop and market conditions develop, and final determination of policy with respect to subsidies, may necessitate marked variation from the current estimates.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation was created February 16, 1938, by the Federal Crop Insurance Act for the purpose of insuring producers of wheat against loss in yields not to exceed 75 percent of the farm average yield, due to unavoidable causes, including weather and other hazards. On June 21, 1941, the act was amended to include insurance of cotton commencing with the cotton crop planted for harvest in 1942. A proviso in the Department of Agriculture Appropriation Acts of 1944 and 1945 directed that these programs be discontinued effective after the 1943 crop year except for liquidation of existing contracts.

The act of December 23, 1944, repealed the foregoing provisos and authorized the insurance of producers of wheat, cotton, and flax against loss in yields, not to exceed 75 percent of the farm average yield, commencing with crops planted for harvest in 1945.

In addition, the act as thus amended authorized the Corporation to undertake trial programs with respect to insurance of any other agricultural commodities for which sufficient actuarial data are available. These programs were limited by law to corn and tobacco in 1945 and to not more than three additional crops each year thereafter. Each such program is limited to not more than 20 representative counties for each crop and to a period of not more than 3 years. It also provided that such insurance may cover a percentage not in excess of 75 percent of the investment in the crop. Otherwise, these programs are subject to the same limitations and conditions as are imposed by the act upon wheat, cotton, and flax insurance.

The act provides that the Corporation shall have a capital stock of \$100,000,000 to be subscribed by the United States and of this amount \$70,000,000 has been subscribed. It is not contemplated that additions to this capital stock will be required in 1947. The act also authorizes annual appropriations to cover the administrative and operating expenses of the Corporation.

A workable sound insurance program of the type contemplated would be the greatest assistance that might be rendered to agriculture

if the cost of insurance could be held within reasonable limits, but the experience of the Corporation to date has been of such nature as to leave serious doubt of the practicability of an all-risk crop-insurance program. Losses have been disappointing and the majority of the members of the Subcommittee on Government Corporations, which conducted the hearings, are doubtful whether it will ever succeed. Particularly do they regret to learn that it is necessary to pay commissions to agents in order to sell the farmers on it.

The committee desires to give the Corporation every opportunity to develop a successful insurance program but does take the view that inasmuch as the initial planning and program introduction are now completed, administrative expenses should be reduced. The amount proposed in the bill for administrative expenses, \$6,800,000, is a reduction of \$1,080,000 below the Budget estimate and \$1,104,000 below the amount appropriated for 1946, but, inasmuch as the program is now well under way, should prove ample for all purposes.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 561 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$26,000,340	\$3,244,160
Administrative expenses.....	7,984,900	¹ 7,880,000
Indemnities and cost of commodities sold.....	17,255,655	59,139,877
Total funds applied.....	51,240,895	70,264,037
FUNDS PROVIDED		
Realization of assets.....	3,702,275	29,942,437
Revenues.....	9,553,720	32,441,600
Appropriations.....	7,984,900	¹ 7,880,000
Capital subscriptions.....	30,000,000	0
Total funds provided.....	51,240,895	70,264,037

¹ Reduced by the committee to \$6,800,000.

The revenues from premiums paid in 1946 were \$9,553,720 and the losses totaled \$13,823,950. Anticipated increased participation in 1947—the 1946 crop year—will produce revenues of \$32,441,600 and losses are expected to be \$29,197,440. The amount estimated for revenues is fairly accurate as policies are now practically all written but the estimate of losses is purely conjectural. The cumulative deficit of the corporation at the end of fiscal year 1946 will be \$41,700,000 but this figure does not take into account expenditures for administrative and operating expenses which have been paid out of appropriations.

FEDERAL SURPLUS COMMODITIES CORPORATION

The Federal Surplus Commodities Corporation was first organized as the Federal Surplus Relief Corporation under the powers granted to the President by the National Industrial Recovery Act. It was granted a charter by the State of Delaware on October 3, 1933, as a nonprofit membership corporation with no capital stock. When the charter was granted, it had as its members persons who, from time to

time, might occupy the offices of the Secretary of Agriculture of the United States, Federal Emergency Administrator of Public Works, and Federal Emergency Relief Administrator. The Corporation acted in close cooperation with the Federal Emergency Relief Administration in the purchase of foods and other relief supplies for distribution to needy families through State relief organizations. As the Corporation came to deal more and more in agricultural commodities and products thereof and to conduct its program in closer association with programs of the Department of Agriculture, the charter was amended November 16, 1935, changing the name of the Corporation to the Federal Surplus Commodities Corporation and changing its members, with the exception of the Secretary of Agriculture, to such persons who, from time to time, might occupy the offices of Administrator of the Agricultural Adjustment Administration and the Governor of the Farm Credit Corporation.

This Corporation ceased to function as an agency of the United States on July 1, 1945, and has been in a state of liquidation since that time. No activity is proposed for 1947 and the only expenditure will be \$40,000 for administrative cost of the liquidation and dissolution.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 544 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Expenses.....	\$32,454	\$40,000
Payment of dividends.....	0	2,632,519
Total funds applied.....	32,454	2,672,519
FUNDS PROVIDED		
Net decrease in working capital.....	2,571	2,672,519
Revenues.....	29,883	0
Total funds provided.....	32,454	2,672,519

FEDERAL FARM MORTGAGE CORPORATION

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created on January 31, 1934, and began

operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The main purpose of the Corporation was to provide funds for loans to farmers by the Federal land banks and by the Land Bank Commissioner. To accomplish this, the Corporation is authorized to issue and have outstanding at any one time \$2,000,000,000 of bonds fully and unconditionally guaranteed both as to principal and interest by the United States.

The authority to make loans to farmers expires on June 30, 1946, except as to such loans as may be required in refinancing existing obligations to the Corporation. The Budget, therefore, contemplates no loans other than such refinancing loans during that fiscal year. The committee believes that a strong system of Federal farm credit should be maintained in a healthy condition and that all needed credit should be available to the farmers but at the same time it is of the opinion that Federal agencies should avoid aggressively trying to persuade farmers to borrow money.

The committee feels that to provide too easy credit to farmers and cause farmers to borrow money they can get by without is no favor to the farmer—but as was shown in the period 1925–34 when farmers lost their lands for money borrowed at a time when they were enjoying the greatest prosperity, too easy credit can result in ruin to the farmers of the Nation.

Statistics given by the Governor of the Farm Credit Administration in the hearings indicate a very healthy condition so far as the relationship of debt to value of farm property in the Nation as a whole is concerned. The lending powers of the Farm Credit Administration have had a stabilizing influence on the economy of agriculture in years past and the wise use of such powers in the difficult days ahead will result indubitably in a more stable financial basis for the Nation's largest economic group. The committee has every confidence that such a course will be pursued.

*Condensed statement of sources and application of funds for the fiscal years
1946 and 1947*

[Detailed statement is on p. 218 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$14, 405, 676	\$30, 926, 012
Expenses.....	7, 469, 275	¹ 4, 094, 375
Retirement of borrowings and capital.....	385, 129, 700	43, 000, 000
Total funds applied.....	407, 004, 651	78, 020, 387
FUNDS PROVIDED		
Realization of assets.....	172, 038, 278	71, 102, 470
Revenues.....	12, 666, 373	6, 917, 917
Borrowings.....	222, 300, 000	0
Total funds provided.....	407, 004, 651	78, 020, 387

¹ Includes administrative expenses, estimated at \$4,000,000 and reduced by the committee to \$3,750,000.

The budget contemplates no loans to farmers during 1947, except such loans as may be necessary in refinancing existing obligations. If legislation, which is now pending, authorizing additional loans after June 30, 1946, is enacted, the Corporation will have the necessary

authority to make such expenditures as may be required in carrying out the law under the amendment to the budget in House Document 640.

The Corporation had an earned surplus of \$43,700,000 on July 1, 1944, and on June 30, 1946, the surplus will have increased to \$72,200,000.

FEDERAL INTERMEDIATE CREDIT BANKS

The 12 Federal intermediate-credit banks were organized pursuant to the Agricultural Credits Act of 1923. The term of existence of the banks is unlimited.

The intermediate-credit banks serve as banks of discount to provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. The banks do not make loans directly to individuals or accept deposits of funds otherwise than as collateral security.

Each intermediate-credit bank operates under the direction of a district farm credit board of seven members, who are ex officio the directors of the Federal intermediate credit bank, Federal land bank, district bank for cooperatives, and production credit corporation serving the district. Each unit has a separate staff of executive officers and employees, but a general agent and his staff, employed by the district board, serve as joint officers and employees of all four institutions, to coordinate their activities and furnish such services as legal, information, statistical, personnel administration, etc.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1945, totaled \$91,000,000. It is expected that this figure will reach \$93,000,000 by June 30, 1947.

During the year ended June 30, 1945, the banks made loans and discounted paper amounting to \$873,643,868 and received repayments of \$878,867,125. For 1946, lending activities are estimated at \$878,174,754, with repayments of \$864,912,813, and for 1947 at \$939,605,116, with repayments of \$905,448,452.

As of June 30, 1945, the banks had outstanding unmatured debentures and notes amounting to \$272,975,000 and it is anticipated that these obligations will total \$331,000,000 by June 30, 1947.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 246 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$912, 479, 952	\$959, 605, 116
Expenses.....	4, 773, 003	¹ 4, 981, 180
Retirement of borrowings.....	469, 894, 767	602, 112, 000
Total funds applied.....	1, 387, 147, 722	1, 566, 698, 296
FUNDS PROVIDED		
Realization of assets.....	886, 282, 251	925, 764, 955
Revenues.....	5, 630, 471	5, 968, 296
Borrowings.....	495, 235, 000	634, 965, 045
Total funds provided.....	1, 387, 147, 722	1, 566, 698, 296

¹ Includes administrative expenses estimated at \$1,688,500 and reduced by the committee to \$1,500,000.

PRODUCTION CREDIT CORPORATIONS

The 12 production credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. Establishment of the production credit system was an outgrowth of various efforts to cure longstanding weaknesses in the short-term agricultural credit field. Experience had shown that insufficient capital, inadequate supervision, and the dependence on local resources generally for loanable funds for agricultural production were the chief weaknesses. These corporations each serve one farm-credit district.

In each district the farm credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production credit associations. The active associations, of which there were 514 on June 30, 1945, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent system for making short-term agricultural loans to farmers and stockmen in all parts of the country.

The total authorized capital stock is \$121,000,000 but of this amount \$11,700,000 has been returned to the Treasury and on June 30, 1945, the aggregate paid-in capital was \$110,300,000 and on that date there was a surplus of \$12,700,000. It is expected that by June 30, 1947, the paid-in capital will be reduced to \$95,955,000 and the surplus will be increased to \$16,000,000. These corporations are not authorized to borrow funds and have no substantial current liabilities outstanding. The local associations have used accumulated reserves to reduce materially the investment of the Production Credit Corporations in their capital stock and in two instances have paid off completely the Federal investment. It is stated in the budget that complete farmer ownership of the associations is a major objective. However, the rapidity with which this objective may be reached is directly affected by all the unpredictable factors, such as weather conditions, affecting the farmers' income generally.

In addition to investing in the capital of the local associations the production credit corporations are charged by law with supervision of the local associations. This supervision has been very beneficial in assisting such associations to establish and maintain sound lending and investment policies and in training personnel of the associations to carry on the types of business in which they are engaged. An annual review is made of the credit activities of each association and this serves as a basis for the credit supervision during the whole year.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 273 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$50,923,163	\$5,862,923
Expenses.....	1,639,633	¹ 1,722,139
Retirement of borrowings.....	7,650,000	5,300,583
Total funds applied.....	59,612,796	12,885,645

¹ Includes administrative expenses estimated at \$1,736,993 and reduced by the committee to \$1,600,000.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947—Continued

	19'6, estimated	1947, estimated
FUNDS PROVIDED		
Realization of assets.....	\$57,862,894	\$11,079,636
Revenues.....	1,749,785	1,806,009
Borrowings.....	117	
Total funds provided.....	59,612,796	12,885,645

REGIONAL AGRICULTURAL CREDIT CORPORATION

Following an extreme credit stringency during 1930-31, the Reconstruction Finance Corporation was created January 22, 1932, with authority to make loans to aid in financing agriculture, either directly or by way of discount or rediscount of obligations. The Emergency Relief and Construction Act of 1932 extended the power of the Reconstruction Finance Corporation by authorizing it to establish a regional agricultural credit corporation in any Federal-land-bank district (now Farm Credit Administration district) where the need existed. Under that authority 12 regional agricultural-credit corporations, 1 in each Federal-land-bank district were chartered during September and October 1932, to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land bank districts the lending activities of these corporations could be curtailed and in some cases discontinued without detriment to the farmers. Accordingly, the Farm Credit Act of 1937 authorized the consolidation or merger of the regional agricultural credit corporations. By a series of mergers these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the only regional agricultural credit corporation now in existence. The last of these mergers occurred on January 31, 1944.

The capital stock of these corporations has varied in amount from \$44,500,000 in 1933 to \$100,000, the present capital stock outstanding. In addition to this capital stock which is owned by the Treasury, there is a paid-in surplus of \$22,000,000, consisting of various amounts paid in by the United States. There is a current deficit of approximately \$7,000,000 or 1 percent of the total amount of loans which the Corporation has made. This would appear to be a good record in view of the fact that these corporations were created for the purpose of making high risk loans. The Corporation had outstanding on June 30, 1945, loans amounting to \$9,559,000 and it is expected that this amount will be reduced to \$4,171,000 by June 30, 1947. No new loan program is currently contemplated but this Corporation is a standby credit agency, the resources of which are used to meet distressed conditions brought about by flood, drought, and so forth. If any such catastrophe should occur, the funds of the Corporation will be available to lend such assistance as may be required.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 290 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$10,732,454	\$5,160,300
Expenses.....	603,867	¹ 441,500
Retirement of borrowings.....	260	0
Total funds applied.....	11,336,581	5,601,800
FUNDS PROVIDED		
Realization of assets.....	10,508,540	4,996,000
Revenues.....	285,968	186,800
Borrowings and capital subscriptions.....	542,073	419,000
Total funds provided.....	11,336,581	5,601,800

¹ Administrative expenses reduced to \$341,000 by the committee.

DEPARTMENT OF COMMERCE

INLAND WATERWAYS CORPORATION

The chartering of the Inland Waterways Corporation in 1924 was an outgrowth of needs which became apparent in inland water transportation during the period of the First World War. By the Federal Control Act of March 21, 1918, the Director General of Railroads was authorized to expend necessary funds for the purchase, construction, utilization, and operation of transportation facilities on inland waterways. In accordance with this authority, the Director General commandeered substantially all privately owned vessels on the inland waterways and initiated a construction program of new floating equipment. Under the terms of the Transportation Act of 1920, the functions exercised by the Railroad Administration were transferred to the Secretary of War and operated as the Bureau of Inland and Coastwise Waterways Service. By 1924 it had become evident that this operation could not be effectively carried on by a typical Government administrative bureau. Accordingly, by an act of Congress, June 3, 1924, the Inland Waterways Corporation was created. The Corporation was operated under the direction and supervision of the Secretary of War until 1939, when it was transferred to the Department of Commerce.

The chief purpose and objective of the Inland Waterways Corporation is to demonstrate the feasibility of water transportation on the inland rivers and to extend the benefits of this service to the people of the United States. The Corporation is to carry out the policy of the Congress in continuing the transportation services until (a) there shall have been completed navigable channels as authorized by Congress; (b) terminal facilities shall have been provided on such rivers reasonably adequate for joint rail and water service; (c) there shall have been published and filed under the provisions of the Interstate Commerce Act, as amended, such joint tariffs with rail carriers as shall make generally available the privileges of joint rail and water transportation upon terms reasonably fair to both rail and water carriers; (d) private persons, companies, or corporations engage, or are ready to engage, in common-carrier service on such rivers. The Cor-

poration has no specified term of existence. However, it is provided in the enabling legislation that as soon as these conditions shall have been met the facilities of the Corporation are to be sold to private enterprise when such transfer can be made to the best advantage of the Government.

The Corporation originally had an authorized capital stock of \$5,000,000. In 1928, this was increased to \$15,000,000. Of this amount, \$12,000,000 actually has been appropriated through the Secretary of the Treasury and made available to the Corporation. In addition to this capital stock of \$12,000,000, the Corporation also has paid-in surplus in excess of \$10,000,000. This paid-in surplus consists of the 1924 appraised value of the equipment and facilities turned over to the Corporation by the War Department at the time of its creation. The Corporation has no authority to issue bonds or other long-term debt obligations.

The Secretary of Commerce in his statement to the Committee advised that it is his purpose to seek legislation authorizing the sale of the barge line regardless of the fact that all conditions of the act have not been met. The terms under which he would propose to sell would require security to the Government for continued operation of a common carrier. Though this matter is not within the jurisdiction of the committee, since the Secretary has raised the question in the hearings, and in view of the effect which the final determination as to the future of the Corporation would have on the budgetary requirements for 1947, members of the subcommittee have given it careful consideration, and it is the opinion of the majority of the members of such subcommittee that the Corporation should not be disposed of until all of the requirements of the law have been met. The principal purpose of the Inland Waterways Corporation was and is to demonstrate the feasibility of inland waterways transportation and through exploration and experimentation to expand such transportation. At the time of the establishment of the Corporation, private operation on the rivers practically had ceased. By reason of the Corporation's operations large volumes of freight now move on inland waterways. It appears that there remains much exploration to be done in determining the feasibility of inland waterways transportation on still other streams, and it is doubted whether private owners of the system would adequately carry on such exploration.

A rate case, which has for its purpose the fixing of joint tariffs as contemplated by the act, has been pending before the Interstate Commerce Commission for more than 12 years. The committee is not advised as to the details of all the delays involved, but considers the time that has elapsed since the filing of the case unconscionable and desires to urge that the Department of Commerce and the Interstate Commerce Commission make every effort to expedite a settlement of the matter.

The original act requires that the Corporation and its properties when disposed of shall be sold to private enterprise "when such transfer can be made to the best advantage of the Government." In this connection, the committee desires to call attention to the fact that, due to wartime conditions, the Corporation has sustained severe losses for five successive years. Since, therefore, the Corporation is at the lowest ebb of its income and with its properties deteriorated, coupled with the fact that testimony before the committee and the general

condition of the country indicate that it may be on the threshold of a period when it can operate profitably, the committee questions whether the Corporation can at this time be sold "to the best advantage of the Government."

In determining the value to the people of the operation of the barge lines consideration must be given to the effect on the rates of railroad transportation, the vast benefits of which cannot be estimated and which are not limited to the immediate areas of the rivers.

It is these factors which have largely governed the committee in its recommendation against early disposal.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 809 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$762, 196	\$3, 160, 719
Expenses.....	8, 453, 723	¹ 8, 424, 281
Total funds applied.....	9, 215, 919	11, 585, 000
FUNDS PROVIDED		
Realization of assets.....	1, 603, 868	3, 524, 000
Revenues.....	7, 612, 051	8, 061, 000
Total funds provided.....	9, 215, 919	11, 585, 000

¹ Includes administrative expenses estimated at \$714,281 and reduced by the committee to \$624,000.

The administrative expense item included \$90,000 for additional personnel, most of which was intended for the accounting department. The volume of business contemplated in 1947 is not materially increased over previous years and the committee feels that all necessary administrative duties can be performed by the same number of persons heretofore employed.

Much of the floating equipment of the Corporation is reaching the point where it must be replaced, as costs for repairs and loss of time soon may become prohibitive. The Corporation expects to expend \$2,600,000 for this purpose in 1947. Present equipment is all steam-powered and, if the Corporation is to continue to operate, the most economical modern equipment would be Diesel-powered, but there are now available a number of steam-powered vessels, owned by the Government, which could be secured from the Defense Plant Corporation at a very attractive price. While probably it is true that these vessels cannot be operated as economically as Diesel-propelled craft, nevertheless it seems to the committee that consideration should be given to replacing the older vessels now in service with this readily available equipment as a stop-gap measure pending the time when conversion to Diesel can be accomplished, and the committee suggests that the management of the Corporation look further into the matter. The committee has been informed of discussions between the management of the Inland Waterways Corporation and the Navy with regard to possible utilization of certain new types of Navy equipment for river transport services and will expect the Corporation to report to the committee the results of the negotiations.

During the first 14 years of its operation the Corporation's net profits totaled \$2,651,000, after setting aside \$7,768,000 for deprecia-

tion charges on equipment and \$4,771,500 for pioneering and developmental work, expenditures in rate cases, and other items not properly a part of operating costs. During the war years, 1939 to 1945, the net deficit amounted to \$2,512,000.

It was the original intention of the act establishing the Corporation that it should operate exactly as a private business concern would operate with respect to employment and all other phases of the business. Since that time, however, various laws have extended benefits of annual and sick leave, and so forth, generally available to Government employees to the employees of the Corporation. Wages and working conditions of employees, aside from these direct benefits, have been determined by negotiation as a private carrier would negotiate and the combination of the two methods of procedure has resulted in a cost of operation which appears abnormally high. The committee inquired as to the probable cost if the rates applicable to Government employment generally under the Classification Act were applied and is informed that on the basis of present rates of pay a saving of about \$250,000 per annum would result and that if compared with the demands which are now pending in connection with renewal of contracts, the annual saving would be approximately \$1,200,000. The committee has, therefore, included in the bill a limitation providing that no funds shall be used to pay compensation to employees, except vessel employees, in excess of the rates fixed for similar services under the Classification Act and for vessel employees, as to whom the Classification Act cannot readily be applied, at rates not in excess of those prevailing in the maritime industry.

WARRIOR RIVER TERMINAL COMPANY

The Warrior River Terminal Company was incorporated January 18, 1926, under the laws of the State of Alabama, as the Port Birmingham Railway Company. By amendment to its charter February 12, 1926, the name was changed to Warrior River Terminal Company. Since June 19, 1926, all capital stock of this Corporation has been owned by the Inland Waterways Corporation.

This Company was formed for the purpose of acquiring the standard gage switching line extending from the river bank at Port Birmingham to Ensley, Ala. This facility was acquired on May 1, 1926. The purchase of the stock of this company by the Inland Waterways Corporation was necessitated by the unsatisfactory interchange relations between Warrior River barge-line operators and the railroad, this road being the only means available to river operators for receiving freight from and delivering freight to the Birmingham district.

The Company originally had an authorized capital stock of \$150,000. Only \$100,000 of this amount had been paid in at the time the Inland Waterways Corporation acquired ownership of the outstanding stock. By amendment to the Company's charter the capital stock was increased to \$1,250,000 in 1931, all of which was issued and purchased by the Inland Waterways Corporation. Both of the purchases of stock made by the Inland Waterways Corporation were approved by the Interstate Commerce Commission. In addition to its capital stock, the Corporation also has paid-in surplus in the amount of approximately \$100,000. This paid-in surplus represents a grant from the Federal Emergency Relief Administration of Federal Works

for replacement of trestles with steel spans. The Company has no outstanding bonds or other long-term debt obligations.

*Condensed statement of sources and application of funds for the fiscal years
1946 and 1947*

[Detailed statement is on p. 890 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$61,383	\$201,592
Expenses.....	172,600	223,408
Payment of dividends.....	75,000	0
Total funds applied.....	308,983	425,000
FUNDS PROVIDED		
Realization of assets.....	50,008	0
Revenues.....	258,975	425,000
Total funds provided.....	308,983	425,000

The Company has paid a dividend of \$75,000 per annum each year to and including 1946. However, due to reduced net earnings during the war years, it is not anticipated that a dividend will be declared in 1947.

DEPARTMENT OF JUSTICE

FEDERAL PRISON INDUSTRIES

Federal Prison Industries, Inc. was created in 1934 to establish and operate industries in the United States penal and correctional institutions for the production of articles and commodities for consumption in the institutions or for sale to the departments and independent establishments of the Federal Government, and not for sale to the public in competition with private enterprise. These industries are required to be diversified so as to minimize competition with private industry and free labor. One of the major purposes of the Corporation is to provide inmates "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release." They are paid wages, on a very low scale, for their employment during incarceration and in the case of those who have dependents a large share of their earnings is sent home to assist in the support of such dependents. This payment in many cases greatly relieves the hardship otherwise experienced by families of prisoners.

Condensed statement of sources and application of funds

[Detailed statement is on p. 902 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$750,000	\$1,000,000
Expenses and cost of sales.....	10,384,948	10,611,481
Retirement of borrowings and payment of dividends.....	4,774,707	6,225,293
Total funds applied.....	15,909,655	17,836,774
FUNDS PROVIDED		
Net decrease in working capital.....	3,779,655	5,716,774
Revenues.....	12,130,000	12,120,000
Total funds provided.....	15,909,655	17,836,774

The Corporation appears to have been rather successfully managed in that it has paid a dividend of \$4,774,000 to the Treasury in the 12 years of its existence and contemplates a further payment in 1974 of \$6,225,000.

The budget for the Corporation for 1947 contemplates carrying forward its activities without appreciable change from previous years and during that year the Corporation will expend \$1,000,000 for buildings and improvements, and machinery and equipment. A vocational training program has been carried on for some years and it is proposed to increase the cost of this program from \$275,000 in 1946 to \$425,000 in 1947. The committee is entirely in accord with the objectives of the vocational training program and recognizes the need for such training as a part of the rehabilitation of inmates of the penal institutions. However, there is some question as to whether this program is a proper charge against corporate funds. The Comptroller General, in his report of the audit of Federal Prison Industries (H. Doc. No. 567, p. 7), states:

It is believed that this program is being carried on without specific authority of law, inasmuch as it embraces the furnishing of such training, including employment classification, guidance, and placement services for inmates not directly employed in the industries operated by the Corporation, and the financing of the cost of the program out of profits realized in the course of the Corporation's authorized operations. While there is no question but that this program would be proper if conducted by the Federal prisons, it does not appear that authority for its conduct was transferred to the Corporation. Neither does it seem that such a transfer would have been desirable. Officials of the Corporation have justified the program by broad interpretations of the Corporation's powers and duties under the enabling statutes, and by the fact that the program heretofore has been brought to the attention of the Congress in annual reports for the fiscal years 1935 through 1944.

Responsible officials of the Department of Justice should study this question and make a recommendation on the basis of which the Congress may establish a permanent policy with respect to the method to be used in supporting vocational training activities.

DEPARTMENT OF INTERIOR

VIRGIN ISLANDS COMPANY

The Virgin Islands Company was established in 1934 to aid in effecting the economic rehabilitation of the Virgin Islands and to promote the general welfare of the people. The United States Government purchased a number of properties, including sugar plantations, two sugar mills, a distillery, a short railroad, and other properties, and formed the Virgin Islands Company which was incorporated by an ordinance of the municipality of St. Thomas and St. John. An operating agreement between the Secretary of the Interior and the Virgin Islands Company provides for the operation of the various properties for the benefit of the people of the Virgin Islands. The distress of the people on the island of St. Croix was without compare at the time the Company was established and there is little doubt but that the situation has been greatly improved by the activities of the Company which is the backbone of the economy of the island. This Company has no Federal charter and under section 304 (b) must either secure legislative authorization for its continuance after June 30, 1948, or go out of business. The Company has never

paid an actual profit and the only activity which appears to be profitable is the rum distillery. Regardless of that fact, whatever policy for future operations is determined upon, it is to be hoped that some means can be found to meet the needs of these people other than the operation of a distillery.

The properties in the Virgin Islands which are operated by the Company are owned by the United States Government and are under the control of the Department of the Interior. The Company, since it does not own these properties, does not include them in the statements of its assets and the budget of the Company makes no showing as to the worth of the various units. Technically, of course, since the Company does not own the property it should not carry property and depreciation accounts in its books but as a practical proposition the Government owns the Company and the Government owns the property; the Government has an agreement with itself that the Company will operate the property and in order to appraise the business intelligently it is necessary that the value and condition of the physical assets be considered in conjunction with the financial operations of the Company. The committee sought to obtain information in regard to the physical assets but was able to secure only a statement of what the Government owns and the value assessed for tax purposes and desires to request that in connection with the presentation of future budgets the committee be supplied with full and complete information as to the character, cost price, depreciation, and fair value of all properties operated by the Virgin Islands Company. The burden for supplying this information naturally will fall on the Department of the Interior which has custody of the property and control of the Company.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 5 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets	\$135,850	\$137,850
Expenses and cost of sales	969,600	1,016,600
Total funds applied	1,105,450	1,154,450
FUNDS PROVIDED		
Realization of assets	850	850
Revenues	1,104,600	1,153,600
Total funds provided	1,105,450	1,154,450

Major sources of revenue are sales of sugar, \$500,000, and rum, \$600,000. The economy of the island of St. Croix has traditionally depended on these two commodities and the experience of the Virgin Islands Company over a 12-year period seems to indicate that sugar production, which accounts for most of the employment afforded by the Company, never will be profitable. While it was testified that there has been some agricultural experimentation carried on, there is no showing as to definite results. If the properties owned by the Government were carried in the books of the Company and the Company's revenues charged with proper amounts for depreciation,

etc., the business would not appear attractive as a business venture. The residents of the island cannot be left to the starvation basis on which they were living in 1933, but certainly some means should be found for making them self-sustaining and thereby obviate the necessity of the Government's continuing a money-losing venture indefinitely. The Department of the Interior should endeavor promptly to find a solution for this problem.

DEPARTMENT OF STATE

OFFICE OF INTER-AMERICAN AFFAIRS

Five corporations were created by the Office of Inter-American Affairs to assist in carrying out the programs of this war agency. These were created under authority contained in the Third Supplemental National Defense Appropriation Act, 1942, the First Supplemental National Defense Appropriation Act, 1943, and the National War Agencies Appropriation Act, 1944, and were transferred to the Department of State by Executive order effective May 20, 1946. All of the corporations were incorporated under the laws of the State of Delaware. Funds heretofore have been provided from appropriations to the Office of Inter-American Affairs. These corporations have not been operated for profit, and losses reflected in the 1947 budgets represent depletion of capital.

Three of the corporations will be in dissolution during fiscal year 1947. One, the Inter-American Navigation Corporation, will be completely liquidated in February 1947 and two others, the Institute of Inter-American Transportation and Precinradio, Inc., will begin the 3-year dissolution period required by Delaware law by the end of the current fiscal year. Programs being carried on by the remaining corporations, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, under agreements with Latin-American Countries, will be completed during fiscal year 1949.

Although these corporate activities are being concluded, the Department of State will request authority to continue certain aspects of the program as part of the Department's long-range program of cooperation with the other American Republics.

The acts authorizing the establishment of these corporations granted to the Coordinator of Inter-American Affairs authority to make contracts under which the funds required for their programs have been advanced. Appropriations necessary to meet these obligations have been made in full for all except the Institute of Inter-American Affairs, to which was granted an original contract authorization of \$18,000,000, and the Inter-American Educational Foundation, to which was granted an original contract authorization of \$2,500,000. For 1947 the bill appropriates \$3,456,710 which is required to meet obligations of the Institute of Inter-American Affairs and there will remain \$7,000,000 to be hereafter appropriated. In the case of the Inter-American Educational Foundation the bill appropriates \$1,083,577 which is required to be appropriated for 1947 and there will remain \$1,115,000 to be appropriated.

Institute of Inter-American Affairs—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 90 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$80,298	\$29,997
Expenses.....	9,609,427	8,377,882
Retirement of borrowings.....	0	0
Total funds applied.....	9,689,725	8,407,879
FUNDS PROVIDED		
Net decrease in working capital.....	5,815,384	4,692,576
Appropriations.....	3,781,769	3,456,710
Contributions.....	92,572	258,593
Total funds provided.....	9,689,725	8,407,879

Institute of Inter-American Transportation—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 116 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$100	0
Expenses.....	2,090,375	\$150,840
Return of funds to Treasury.....	487,390	0
Total funds applied.....	2,577,865	150,840
FUNDS PROVIDED		
Net decrease in working capital.....	2,577,865	150,840

Inter-American Educational Foundation, Inc.—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 124 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$31,588	\$10,200
Expenses.....	1,402,843	1,943,949
Total funds applied.....	1,434,431	1,954,149
FUNDS PROVIDED		
Net decrease in working capital.....	983,435	697,555
Appropriations.....	301,423	1,083,577
Contributions.....	149,573	173,017
Total funds provided.....	1,434,431	1,954,149

Inter-American Navigation Corporation—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 134 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$117	0
Expenses.....	1,638	\$3,261
Payment of contingent liabilities and/or return of funds to Treasury.....	175,000	46,603
Total funds applied.....	176,755	49,864
FUNDS PROVIDED		
Net decrease in working capital.....	176,755	49,864
Total funds provided.....	176,755	49,864

Prencinradio, Inc.—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 140 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$33,043	0
Expenses.....	23,416	\$23,781
Return of funds to Treasury.....	975,000	88,125
Total funds applied.....	1,031,459	111,906
FUNDS PROVIDED		
Realization of assets.....	1,030,109	110,688
Revenues.....	1,350	1,218
Total funds provided.....	1,031,459	111,906

WAR DEPARTMENT

UNITED STATES SPRUCE PRODUCTION CORPORATION

The United States Spruce Production Corporation was organized under the laws of the State of Washington on August 20, 1918, by the director of aircraft production. Authority for creation of the Corporation and limitations on the continuation of its particular functions are to be found in chapter XVI of an act making appropriation for the support of the Army, etc., approved July 9, 1918, Public Law 193.

The objects and purposes for which the Corporation was formed, as stated in its articles of incorporation, were—

The purchase, production, manufacture, and sale of aircraft, aircraft equipment, or materials therefor, and to build, own, and operate railroads in connection therewith, and in general, to do all acts and things which may be incidental to the carrying out of the foregoing purposes or to the exercise of the foregoing powers, or which may be necessary, advantageous, desirable, or convenient therefor.

The Corporation took over the industrial activities of the spruce production division of the bureau of aircraft production of the United States Army Air Service. The function of that bureau was the production and allocation of aircraft lumber to the United States and its allies, Great Britain, France and Italy. In order to carry out

the required production program of the bureau it was necessary for the division to assume full control of the logging and lumber industry of the Northwest, which control vested in turn in the Corporation.

On June 28, 1922, a suit for dissolution of the Corporation was filed in the superior court of the State of Washington for Clark County and its liquidation has been at all times and still is under the jurisdiction and supervision of this court to which the Corporation makes regular reports.

Since 1922 this Corporation has been inactive except for matters related to dissolution and liquidation and according to the budget it is contemplated that it will wind up its affairs during the fiscal year 1947 and finally go out of business. The committee is unable to understand why it has not been possible to conclude the liquidation years ago. It has, therefore, made provision for administrative expenses until January 1, 1947, after which date all administrative duties and responsibilities will be assumed by such officers and employees as the Secretary of War may designate and who will receive no compensation for such duties in addition to their compensation for other assignments and has also included a provision requiring the Secretary of War to take such steps as may be necessary to secure the final dissolution of the Corporation at the earliest practicable date. This Corporation is a good case study in the necessity for congressional review and control of the Government corporations as contemplated by the Government Corporation Control Act. For 24 years a Government corporation has been dormant and supposedly in process of dissolution but during all that time paying salaries, maintaining offices, and otherwise expending funds which might have found their way into the Treasury. Whether or not it would have been possible to have relinquished the corporate charter and disposed of all assets at an earlier date is a moot question but certainly there has been so little actual work necessary to the transaction of the business of the Corporation that such work could have been absorbed by regular employees of the War Department without additional expense therefor and, if Congress had had the measure of control afforded by the Government Corporation Control Act, the proper steps might have been taken to secure this result at an earlier date.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$5,897	0
Expenses.....	20,883	¹ \$13,669
Retirement of borrowings and capital and distribution of surplus.....	0	297,518
Total funds applied.....	26,780	311,187
FUNDS PROVIDED		
Realization of assets.....	17,468	292,920
Revenues.....	9,312	18,267
Total funds provided.....	26,780	311,187

¹ Reduced by committee to \$10,000.

Comparison of appropriations for 1946—Estimates for 1947 and amounts carried in the bill for 1947

Agency	Appropriations, 1946	Budget estimates, 1947	Recommended in bill, 1947	Increase (+) or decrease (—) bill compared with 1946 appropriations	Increase (+) or decrease (—) bill compared with estimates, 1947
National Housing Agency:					
Veterans' housing program-----	\$445, 637, 000			—\$445, 637, 000	-----
Federal Public Housing Authority-----	7, 600, 000	\$12, 600, 000	\$8, 300, 000	+700, 000	—\$4, 300, 000
Tennessee Valley Authority-----	9, 648, 000	36, 572, 000	25, 906, 000	+16, 258, 000	—9, 666, 000
Department of Agriculture:					
Federal Crop Insurance Corporation-----	7, 984, 900	7, 880, 000	6, 800, 000	—1, 184, 000	—1, 080, 000
Commodity Credit Corporation (restoration of capital)-----		921, 456, 561	(1)	-----	—921, 456, 561
State Department:					
Institute of Inter-American Affairs-----	3, 543, 290	3, 456, 710	3, 456, 710	—86, 580	-----
Inter-American Educational Foundation-----	301, 423	1, 083, 577	1, 083, 577	+782, 154	-----
Total-----	474, 714, 613	983, 048, 848	45, 546, 287	—429, 167, 426	—936, 502, 561

¹ Secretary of Treasury authorized and directed to cancel notes of Commodity Credit Corporation in amount of \$921,456,561.

MINORITY VIEWS

The brevity of the minority's views indicates that the majority report of the committee represents with limited exceptions the view of the entire subcommittee. A minority report from the House Committee on Appropriations is unusual. It has been made, in this instance, to emphasize some views and to reflect some fundamental differences in opinion which it is felt are particularly important in these times. The minority members sincerely believe the exercise of this function to be our plain duty.

PURPOSE AND EFFECT OF THE ACT

It was the obvious intent of Congress in enacting the Government Corporation Control Act to bring the corporations under the fiscal controls of the Government and to reestablish the constitutional powers of Congress as the only appropriating authority. This is necessary in order to provide a working fiscal program which embodies all the agencies of government which are integrally a part of the financial structure and enable the Congress and the public to determine readily the outstanding obligations and commitments of the United States. The committee has endeavored to carry out this intent but it is our view that the action taken does not go far enough. While it is true that the bill as reported to the House carries in it restrictions which should prohibit the use of funds or authority for any purpose not related to budget programs, the committee has also approved a section (sec. 302 of the bill) which was proposed by the Bureau of the Budget which would permit a corporation to initiate a new program merely by securing the approval of the President. In our judgment this section greatly weakens, if not vitiates, the controls attempted by the remainder of the bill. It is the purpose of the minority to advocate and contend for adequate Budget control over the Government corporations and to seek amendments of the Corporation Control Act if it is determined that such amendments are necessary to provide that degree of control which must be had in order to meet the constitutional requirements for control of the Federal finances. The corporations deal entirely with the taxpayers' money and have attained such a size as to almost dominate the economy of the Nation through their power to expand and use at will the credit of the United States.

There are fiscal fundamentals which the minority feels must be the guide for any action of the Appropriations Committees of the Congress if the domestic economy is to be stabilized. Of these, the following four are pertinent to the duties and responsibilities of this subcommittee:

1. Shrink the national debt.
2. Reduce Federal Government expenditures to the minimum.
3. Avoid actions upon the part of Government which hinder the full functioning of a free competitive economy.
4. Avoid any financial performance or operation upon the part of Government, the trend of which is inflationary.

The expansion of Federal credit is inflationary and easy "cheap money" is inflationary. Both of these inflation-producing elements are inherent vices in the authority and in the method of transaction of the business of the large lending agencies which are included in the accompanying bill. The various lending agencies of the Government operate under statutory and corporate charter powers which are so broad as to place them not only in competition with private financial institutions but, in some instances, with each other. For example, there is no power of The RFC Mortgage Company to make a loan which is not duplicated either by the Reconstruction Finance Corporation or the Federal National Mortgage Association. Instances of solicitation of loans by certain of the lending agencies have come to the attention of the committee. If the Federal Government is to be in the money-lending business at all certainly that function should be restricted to supplementing the private sources of capital as required by emergent needs only and in no event should a Government agency make a loan until every reasonable private source has been exhausted, as was the intention of the Congress in enacting the various laws under which Government loans are made.

The minority members of the committee take the position that no Government corporation should be incorporated other than by specific authority of Federal law. Attention should also be directed to the fact that under the laws of some States where Government corporations have been incorporated, there is a 3-year period required after a corporation has actually gone out of business before it can be finally liquidated and its charter surrendered. It is, therefore, necessary for the Government to maintain offices, and bear the expense of personnel, and other administrative costs for 3 years after the business is closed. The officials of Government corporations have full authority and autocratic power to allow any claim against such a corporation and pay that claim with the taxpayers' money without going through the regular channels of the Congress and are not governed, in these settlements, by the laws respecting the payment of claims by the Government generally. Such authority in the hands of unscrupulous officials might well lead to the payment of unjust claims amounting to great sums. It is not difficult to see how a condition of this kind could lead to misappropriation of the taxpayers' money.

STAFF OF THE COMMITTEE

No committee of Congress is at present properly staffed with auditors, examiners, or investigators whose duty it would be to check into not only the functions of the different departments, commissions, agencies, etc., of the Government to ascertain at regular intervals whether or not they are living up to the letter of law. Especially is every subcommittee of the Appropriations Committee handicapped to the detriment of the taxpaying public, in that the members of the committees do not have the very much needed staffs to keep them properly informed as to how the spending agencies of Government are expending appropriated funds. Once during each fiscal year departments come before the 12 respective subcommittees of the Appropriations Committee to justify their request for funds and it is a physical impossibility for the members of the committee to know with any

degree of accuracy the amount of money each agency should have to meet its needs.

The minority members of the committee are, however, gratified to know that the committee on reorganization of Congress has made recommendations for such examining staffs and we wholeheartedly endorse this recommendation. The present staff of the committee is as efficient and as capable as could be secured but is wholly inadequate in size. The additional staff members proposed by the committee on reorganization should work under the direction of the secretary of each subcommittee.

INTER-AMERICAN AFFAIRS

The appropriations carried in the bill are approved by the minority only because they are for the purpose of meeting contractual obligations heretofore entered into. It has been stated that there is some intention of continuing certain aspects of these programs under the auspices of the Department of State. No such continuing activity should be embarked upon as a result of these appropriations or through the existing corporations. These corporations should be liquidated as soon as their outstanding commitments have been met.

EXPORT-IMPORT BANK

The following statement is quoted from the Budget.

The bank was established to stimulate the international trade of the United States.

Under the original practice, within this expressed purpose, the bank made loans to foreign and domestic enterprises who were dealing in exportation of American-produced commodities and the importation of foreign commodities. In that field, the bank has in the past and could in the future render a useful service. By its operation in the field of foreign government loans, it has become a means of avoiding the specific approval of the Congress in the lending of money to foreign governments. It is the recommendation of the minority that congressional approval be obtained on all loans to foreign governments.

RECONSTRUCTION FINANCE CORPORATION

The minority is of the opinion that the Reconstruction Finance Corporation where it operates in the event of emergent needs should be governed solely by its own Board of Directors. Influence is brought to bear by other administrative branches of government which are intolerable and have in the past caused bad banking practices. Attention is invited to testimony on the loans to the Kaiser interests on pages 660 to 662 of the hearings. Any subsidiary of the Reconstruction Finance Corporation which does not now serve an emergent need should be liquidated.

Public works.—It has been the practice of the Reconstruction Finance Corporation and its subsidiaries to make loans to States, political subdivisions thereof, and other public bodies of the United States for public works. It is the opinion of the minority that public-works expenditures should be restricted strictly to those programs authorized

by specific legislation including descriptive limitations on types of programs and amounts of money.

NATIONAL HOUSING AGENCY

We are impressed with the apparent confusion in the minds of those charged with the veterans' housing program. It appears to be the acknowledgment of all that the various controlling agencies of government are in conflict and their rules and conflicts have created in the building industry black markets which are in themselves a great inflationary force. Black-market operators are tax evaders. The minority has joined in the liberality of the committee in approving the Administrator's request only because of the great housing shortage and its great desire to provide adequate housing for the American people.

There is now pending in Congress legislation to authorize additional housing programs. Before such legislation is presented for consideration by the House, there should be a thorough and complete study not only of the existing laws but of the housing needs generally with a view to minimizing the participation of the Federal Government in what is essentially a local problem. In any such enactment the present confused situation should be clarified through codification and simplification.

HOME OWNERS' LOAN CORPORATION

Now that the banks and other local financial institutions are in need of sound investments for the large amounts of money on hand, the Home Owners' Loan Corporation should make every effort to transfer every loan it holds to these private lending agencies and thereby enable the Federal Government to liquidate this Corporation. The purposes for which the Corporation was founded have now been served, and its continued operation is not justified. You will note on page 1126 of the hearings that the Administrator of this Corporation testified that they were discouraging the recommendations as made by the minority members of this committee in this report. Such action could be interpreted only as an attempt on the part of the Administrator to maintain continuance of office at the unnecessary expense of the taxpayer. A request was made to this committee for the sum of \$5,179,000 for administrative expenses. The committee allowed \$4,500,000 which could be saved, in addition to giving the private lending institutions of our Nation the benefit of this business, if the recommendations of the minority members of the committee are carried out.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation, which has resulted in a loss to date of \$49,700,000 as it has been operated, is a continually failing venture without any general benefit to the economic welfare of the farmers or of the Nation. Under the present law, the administrative and operating costs are paid out of an appropriation from the Treasury and the income from insurance premiums is used only to meet losses. The amount of losses given above represents the differ-

ence between premiums collected and losses paid, and does not take into account any of the expenses for personnel and other administrative costs. The total loss is reflected in the following table:

Total insurance losses paid.....	\$110, 950, 597
Total of administrative expenses and operating costs.....	46, 249, 081
Insurance premiums collected.....	61, 170, 079

Net cost of the operation.....	95, 249, 081
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In 1943 the Committee on Appropriations recommended and the Congress approved the dissolution of the Federal Crop Insurance Corporation. Subsequently, another law was passed reestablishing it. The minority members of the committee believe that history and experience justify the position taken by the Committee on Appropriations in 1943. We recognize that private underwriters are not interested in this field and that if such a venture is deemed an economic necessity it would have to be conducted by the Government. It is a known factor that no such program can succeed unless it is participated in by farmers generally and to date it is apparent that only the high hazard areas are interested and that the rates obtained are inadequate and inequitable.

The minority members of the committee recognize the intolerable conditions partially imposed by Federal programs in certain flood areas. These people are entitled to redress. It is our opinion, however, that the Federal Crop Insurance Corporation is not a proper or equitable vehicle.

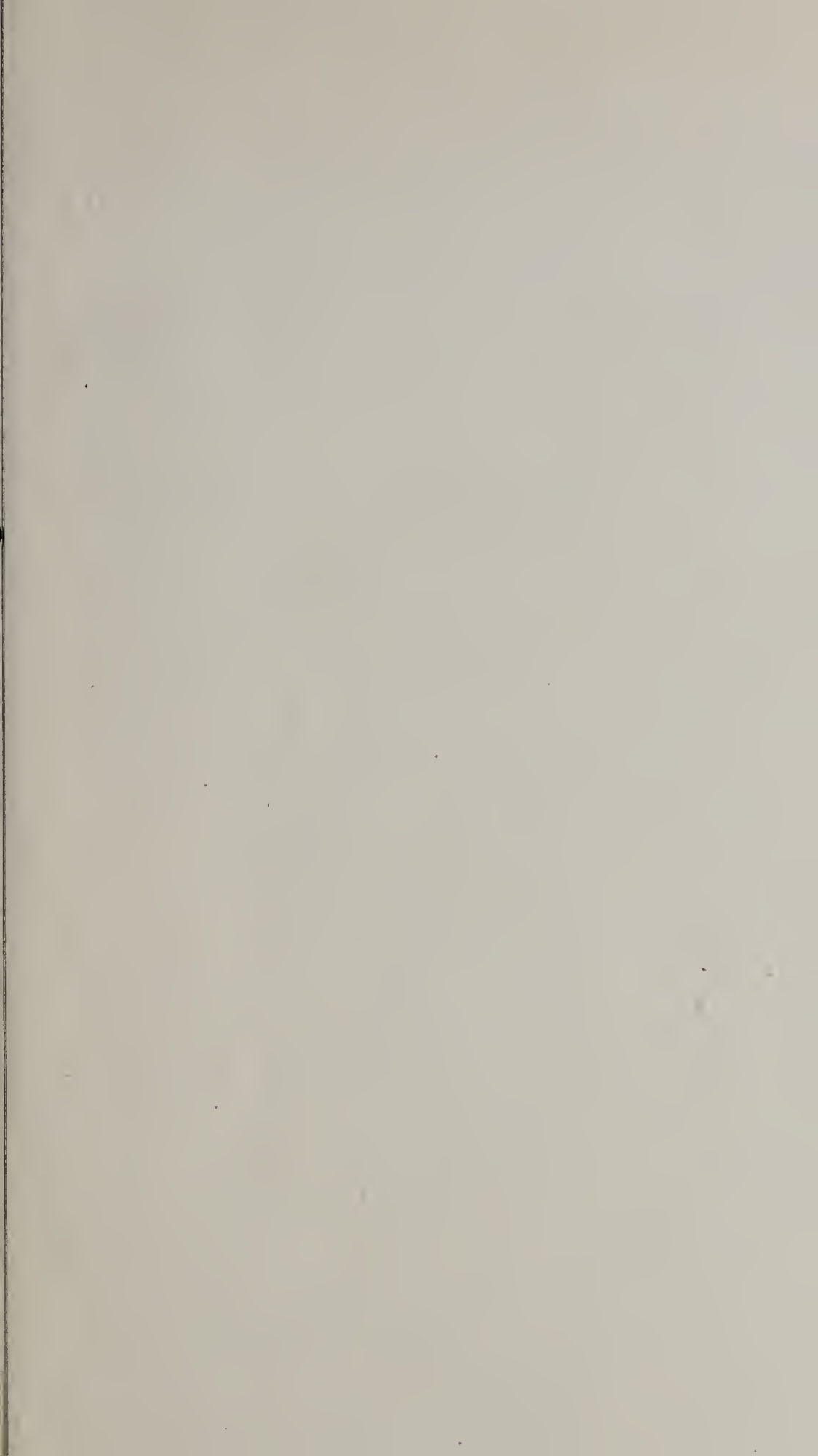
INLAND WATERWAYS CORPORATION

It has been recommended on page 802 of the hearings by the Secretary of Commerce that the Inland Waterways Corporation be sold. The statute creating the Corporation provides that the Corporation shall continue operations until navigable channels have been completed; terminal facilities have been established; joint tariffs with rail carriers have been published and filed with the Interstate Commerce Commission; and private persons, companies or corporations engage, or are willing to engage, in comparable common-carrier service. It should be pointed out that the Secretary's contention is that the statute has not been fully complied with but sufficiently so that it justifies a recommendation to the Congress for the sale of the Corporation. The minority believes that the statute has been complied with insofar as various sections of the waterways are concerned, with the exception of the Missouri River between St. Louis and Kansas City. Testimony indicated that this segment was as yet in pioneer stages of development. As further proof that this Corporation should be liquidated the hearings revealed that private carriers are now and can in the future render to the public the necessary services at reasonable rates. It should be stated also that Inland Waterways Corporation has since 1939 lost \$2,500,000 while during the same period private carriers have enjoyed profits and have paid substantial taxes into the Federal Treasury. The continued losses can be expected unless a complete rehabilitation of equipment is instituted as a part of the program of the corporation. It cannot expect to again be put

in the successfully competitive position. The Department of Commerce requested an allowance of \$2,600,000 for replacement of plant and equipment which the committee by majority vote has allowed in this bill. In view of the minority's recommendation, this allowance is opposed.

BEN F. JENSEN.
WALTER C. PLOESER.

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NOTICE: This bill is given out subject to release when consideration of it has been completed by the Whole Committee. Please check on such action before release in order to be advised of any changes.

[FULL COMMITTEE PRINT]

Union Calendar No.

79TH CONGRESS
2^D SESSION

H. R. 6777

[Report No.]

IN THE HOUSE OF REPRESENTATIVES

JUNE , 1946

Mr. MAHON, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I**

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1947, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including the construction of South Holston Dam and Watauga Dam; and the acquisition of necessary land, the clearing of such land, relocation of highways, and the construction or purchase of transmission lines and other facilities, and all other necessary works authorized by such Act; and for printing and binding; lawbooks, books of reference, newspapers, and periodicals; purchase, hire, maintenance, repair, and operation of passenger automobiles; purchase, hire, maintenance, repair, and operation of aircraft; rents in the District of Columbia and elsewhere; penalty mail (not to exceed \$25,000); and all necessary salaries and expenses connected with the organization, operation, and investigations of the Tennessee Valley Authority, \$25,906,000, together with the unexpended balance of funds heretofore appropriated, to remain available until June 30, 1947, and to be available for the payment of obligations chargeable against prior appropriations.

NATIONAL HOUSING AGENCY

FEDERAL PUBLIC HOUSING AUTHORITY

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as

1 amended (42 U. S. C. 1410), \$8,300,000, together with the
2 unexpended balance of the appropriation for this purpose for
3 the fiscal year 1946: *Provided*, That except for payments
4 required on contracts entered into prior to April 18, 1940,
5 no part of this appropriation shall be available for payment
6 to any public housing agency for expenditure in connection
7 with any low-rent housing project, unless the public housing
8 agency shall have adopted regulations prohibiting as a tenant
9 of any such project by rental or occupancy any person other
10 than a citizen of the United States, but such prohibition shall
11 not be applicable in the case of a family of any serviceman
12 or the family of any veteran who has been discharged (other
13 than dishonorably) from, or the family of any serviceman
14 who died in, the armed forces of the United States within
15 four years prior to the date of application for admission to
16 such housing: *Provided further*, That none of the funds
17 herein shall be used to pay contributions with respect to
18 projects constructed under authority of Public Law 671,
19 Seventy-sixth Congress.

20 DEPARTMENT OF AGRICULTURE

21 FEDERAL CROP INSURANCE CORPORATION

22 Operating expenses: For operating and administrative
23 expenses, \$6,800,000, including not to exceed \$700 for
24 newspapers.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For the payment of obligations incurred under the contract authorization of \$18,000,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agencies Appropriation Act, 1944, \$3,456,710.

INTER-AMERICAN EDUCATIONAL FOUNDATION,

INCORPORATED

For the payment of obligations incurred under the contract authorization of \$2,500,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agency Appropriation Act, 1945, \$1,083,577.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary to carrying out the programs set forth in the Budget for the fiscal year 1947 for each such corporation or agency, except as hereinafter provided:

INDEPENDENT AGENCIES AND CORPORATIONS

Export-Import Bank of Washington: *Provided, That*

1 not to exceed \$780,000 of the funds of the Export-Import
2 Bank of Washington, shall be available during the fiscal
3 year 1947 for all administrative expenses of the bank, in-
4 cluding purchase, maintenance, operation, and repair of one
5 passenger automobile; not to exceed \$100 for periodicals,
6 \$200 for newspapers, and \$200 for maps; and not to exceed
7 \$24,000 for the temporary employment of persons or or-
8 ganizations for special services by contract or otherwise,
9 without regard to section 3709 of the Revised Statutes and
10 the civil-service and classification laws: *Provided further*,
11 That all necessary expenses (including special services per-
12 formed on a contract or fee basis, but not including other
13 personal services) in connection with the acquisition, opera-
14 tion, maintenance, improvement, or disposition of any real
15 or personal property belonging to the bank or in which it
16 has an interest, including expenses of collections of pledged
17 collateral, shall be considered as nonadministrative expenses
18 for the purposes hereof.

19 Panama Railroad Company: *Provided*, That not to ex-
20 ceed \$500,000 shall be available for administrative expenses.

21 Tennessee Valley Associated Cooperatives: *Provided*,
22 That not to exceed \$2,500 shall be available for adminis-
23 trative expenses.

24 Tennessee Valley Authority.

FEDERAL LOAN AGENCY

Office of the Administrator: *Provided*, That of the funds available for administrative expenses to the agencies under the direction and supervision of the Federal Loan Administrator (12 U. S. C. 1801), \$118,000 is hereby made available to the Administrator for administrative expenses of supervising such agencies, including printing and binding, \$2,500; not to exceed \$10,000 for the temporary employment of persons or organizations for special services by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws.

Reconstruction Finance Corporation: *Provided*, That not to exceed \$33,553,000 (to be computed on an accrual basis) of the funds of the Reconstruction Finance Corporation, established by the Act of January 22, 1932 (47 Stat. 5), shall be available during the fiscal year 1947 for its administrative expenses and the administrative expenses of Federal National Mortgage Association, The RFC Mortgage Company, War Damage Corporation, U. S. Commercial Company and Rubber Development Corporation, including personal services in the District of Columbia and elsewhere; not to exceed \$650 for periodicals and newspapers; use of the services and facilities of the Federal Reserve banks; and not to exceed \$115,150 for deposit in the general fund of the Treasury for cost of penalty mail as required by section 2 of the Act of June 28, 1944 (Public

1 Law 364) : *Provided further*, That all necessary expenses
2 (including services performed on a force account, contract,
3 or fee basis, but not including other personal services except
4 those which the corporations' prescribed accounting system
5 requires to be capitalized or charged to the cost of com-
6 modities acquired) in connection with the acquisition, pro-
7 tection, operation, maintenance, improvement, or disposition
8 of real or personal property belonging to said corporations,
9 or in which they have an interest, including expenses of
10 collections of pledged collateral, expenses incurred for serv-
11 ices performed outside the limits of continental United States
12 and properly capitalized expenditures, shall be considered as
13 nonadministrative expenses for the purposes hereof: *Pro-*
14 *vided further*, That none of the funds of the Reconstruction
15 Finance Corporation and the subsidiaries thereof shall be used
16 for the custody, maintenance, or disposal of any surplus
17 property except such property as may be owned by and
18 held for disposal by the Reconstruction Finance Corporation
19 or its subsidiaries: *Provided further*, That no part of the
20 funds of the Reconstruction Finance Corporation or of any
21 subsidiary thereof shall be used to make any purchase or for
22 personal services or to enter into any contract for the use
23 or benefit of any other agency of the Government unless
24 such agency shall have authority in law and appropriations
25 available to make reimbursement for such purchase, personal

1 services, or contract: *Provided further*, That none of the
2 funds of the Reconstruction Finance Corporation and its
3 subsidiaries shall be used for the making of any loan to any
4 State, any subdivision thereof, any municipality therein, or
5 any public authority, for construction purposes, unless in
6 pursuance of a specific authorization if such loan would
7 increase the aggregate amount of such loans outstanding
8 above \$100,000,000.

9 Federal National Mortgage Association.

10 The RFC Mortgage Company.

11 Rubber Development Corporation.

12 U. S. Commercial Company.

13 War Damage Corporation.

14 NATIONAL HOUSING AGENCY

15 Salaries and expenses, office of the Administrator and
16 Expediter: In addition to the amounts available by or pur-
17 suant to law (which shall be transferred to this authoriza-
18 tion) for the administrative expenses of the Office of the
19 Administrator, National Housing Agency, in carrying out
20 duties imposed by or pursuant to law, such amounts, not
21 exceeding \$450,000, as the Administrator determines are
22 required for the expenses of the Office of the Administrator
23 in the performance of administrative and supervisory services
24 relating to the constituent units of said Agency shall be
25 transferred, from the funds available for the administrative

1 expenses of such constituent units for the fiscal year 1947,
2 to this authorization for expenditure hereunder, and all
3 such amounts shall be available for all necessary ex-
4 penses of said Office of the Administrator, including
5 personal services and rent in the District of Co-
6 lumbia; printing and binding; purchase and exchange
7 of lawbooks, books of reference; periodicals and
8 newspapers (not to exceed \$1,000) ; preparation, mounting,
9 shipping, and installation of exhibits; purchase of sixteen
10 (including one at not to exceed \$1,800), maintenance, re-
11 pair, operation, and rental of passenger automobiles; tempo-
12 rary employment of persons or organizations, by contract or
13 otherwise, for research work, and for engineering, technical,
14 legal, or other special services, including stenographic re-
15 porting services, without regard to section 3709 of the
16 Revised Statutes and the civil-service and classification laws;
17 expenses of attendance at meetings of organizations con-
18 cerned with the work of the Agency, when specifically
19 authorized by the Administrator; reimbursement for the
20 actual cost of ferry fares and bridge, road, and tunnel tolls;
21 payment of not to exceed 3 cents per mile to employees
22 or others rendering service to the Government for use by
23 them of privately owned automobiles for transportation on
24 official business within the limits of their official stations; and

1 purchase of teletype news services (not to exceed \$1,000) :
2 *Provided*, That the Administrator may, with the approval
3 of the President of the United States, transfer to this au-
4 thorization or to an authorization of a constituent unit from
5 funds available for administrative expenses of the constituent
6 units or the Office of the Administrator such additional sums
7 as represent a consolidation in the Office of the Administrator
8 or in a constituent unit of any of the administrative functions
9 of the National Housing Agency; but no such transfer of
10 funds shall be made unless the consolidation will result in a
11 reduction in manpower and a savings in administrative ex-
12 penses, which savings shall not be used for administrative
13 expenses but instead shall be returned to or remain in the
14 funds from which administrative expenses are drawn under
15 this authorization: *Provided further*, That a report of such
16 transfers and the savings effected thereby shall be submitted
17 to Congress in the annual budget.

18 Penalty mail costs: For costs of penalty mail of the
19 National Housing Agency, not to exceed \$295,600, said
20 sum to be derived by transfer of the unobligated balances,
21 as of July 1, 1946, of the funds made available for penalty
22 mail costs by the First Supplemental Appropriation Act,
23 1945, and the Independent Offices Appropriation Act, 1946,
24 and by transfer, from the funds of the constituent units of
25 said Agency available for administrative expenses, is not

1 to exceed the following amounts: Office of the Administrator,
2 \$15,000; Federal Home Loan Bank Administration, \$111,-
3 000; Federal Housing Administration, \$130,000; and Fed-
4 eral Public Housing Authority, \$39,600: *Provided*, That in
5 no event shall any moneys in excess of the costs of penalty
6 mail allocable, respectively, to said Office of the Administra-
7 tor and each of the aforesaid constituent units of the National
8 Housing Agency be transferred hereunder: *Provided further*,
9 That so long as the positions of National Housing Adminis-
10 trator and Housing Expediter are held by the same person,
11 such person may accept the salary of either such position
12 but not to exceed \$12,000 per annum.

13 Federal Home Loan Bank Administration: *Provided*,
14 That not to exceed a total of \$1,400,000, to be derived from
15 the special deposit account established under the provisions
16 under the head "Federal Home Loan Bank Administration"
17 in the Independent Offices Appropriation Act, 1944, and
18 from receipts of the Federal Home Loan Bank Administra-
19 tion or the Federal Home Loan Bank Board for the fiscal
20 year 1947 and prior fiscal years, shall be available during the
21 fiscal year 1947 for administrative expenses of the Federal
22 Home Loan Bank Administration (Executive Order 9070
23 of February 24, 1942), and said Administration may transfer
24 to a separate authorization (which is hereby authorized to be
25 established), for expenditure by the Administration there-

1 under, not to exceed such amounts, from funds available for
2 administrative expenses of the Federal Home Loan Bank
3 Administration, the Federal Savings and Loan Insurance Cor-
4 poration, and the Home Owners' Loan Corporation, as said
5 Administration may deem necessary or advisable to be so
6 transferred for administrative expenses of or relating to any
7 department or unit of said Administration providing services
8 or facilities also to the Federal Savings and Loan Insurance
9 Corporation and the Home Owners' Loan Corporation; all
10 the foregoing including personal services in the District of
11 Columbia and elsewhere; and use of services and facilities of
12 the Federal home-loan banks, Federal Reserve banks, Federal
13 Savings and Loan Insurance Corporation, and the Home
14 Owners' Loan Corporation and other agencies of the Gov-
15 ernment, the amounts so derived to be credited upon the
16 books of the Treasurer of the United States in such account
17 or accounts as said Administration may determine: *Provided*
18 *further*, That all necessary expenses in connection with the
19 conservatorship of institutions insured by the Federal Savings
20 and Loan Insurance Corporation and all necessary expenses
21 (including services performed on a contract or fee basis, but
22 not including other personal services) in connection with the
23 handling, including the purchase, sale, and exchange, of
24 securities on behalf of Federal home-loan banks, and the
25 sale, issuance, and retirement of, or payment of interest on,

1 debentures or bonds, under the Federal Home Loan Bank
2 Act, as amended, shall be considered as nonadministrative
3 expenses for the purposes hereof: *Provided further*, That not-
4 withstanding any other provisions of this Act, except for
5 the limitation in amount hereinbefore specified, the adminis-
6 trative expenses and other obligations of the Administration
7 shall be incurred, allowed, and paid in accordance with the
8 provisions of the Federal Home Loan Bank Act of July 22,
9 1932, as amended (12 U. S. C. 1421-1449) .

10 Federal Savings and Loan Insurance Corporation: *Pro-*
11 *vided*, That not to exceed \$532,000 shall be available for
12 administrative expenses, including the use of services and
13 facilities of the Federal home-loan banks, Federal Reserve
14 banks, and agencies of the Government, including the Fed-
15 eral Home Loan Bank Administration and the Home
16 Owners' Loan Corporation, which shall be on an accrual
17 basis and shall be exclusive of interest paid, depreciation,
18 properly capitalized expenditures, and expenses in connection
19 with liquidation of insured institutions, liquidation or handling
20 of assets of or derived from insured institutions, payment of
21 insurance, and action for or toward the avoidance, termina-
22 tion, or minimizing of losses in the case of specific insured
23 institutions: *Provided further*, That notwithstanding any
24 other provisions of this Act, except for the limitation in
25 amount hereinbefore specified, the administrative expenses

1 and other obligations of said Corporation shall be incurred,
2 allowed, and paid in accordance with title IV of the Act of
3 June 27, 1934, as amended (12 U. S. C. 1724-1730).

4 Home Owners' Loan Corporation: *Provided*, That not to
5 exceed \$4,500,000 shall be available for administrative ex-
6 penses, including the use of services and facilities of the
7 Federal home-loan banks, Federal Reserve banks, and
8 agencies of the Government, including the Federal Home
9 Loan Bank Administration and the Federal Savings and
10 Loan Insurance Corporation, which shall be on an accrual
11 basis and shall be exclusive of interest paid, depreciation,
12 properly capitalized expenditures, expenses (including serv-
13 ices performed on a force account, contract, or fee basis, but
14 not including other personal services) in connection with the
15 acquisition, protection, operation, maintenance, improvement,
16 or disposition of real or personal property belonging to said
17 Corporation or in which it has an interest, and legal fees and
18 expenses: *Provided further*, That notwithstanding any other
19 provisions of this Act, except for the limitation in amount
20 hereinbefore specified, the administrative expenses and other
21 obligations of said Corporation shall be incurred, allowed,
22 and paid in accordance with the Home Owners' Loan Act
23 of 1933, as amended (12 U. S. C. 1461-1468).

24 Federal Housing Administration: *Provided*, That in
25 addition to the amounts available by or pursuant to law

(which shall be transferred to this authorization) for the administrative expenses of the Federal Housing Administration in carrying out duties imposed by or pursuant to law, not to exceed \$17,624,000 of the various funds of the Federal Housing Administration as follows: (1) The mutual mortgage insurance fund; (2) the housing insurance fund; (3) the account in the Treasury comprised of funds derived from premiums collected under authority of section 2 (f), title I of the National Housing Act, as amended (12 U. S. C. 1701) ; and (4) the war housing insurance fund shall be available for expenditure, in accordance with the provisions of said Act for the administrative expenses of the Federal Housing Administration, including, in addition to mileage at a rate not to exceed 4 cents per mile for travel by motor vehicle, reimbursement for the actual cost of ferry fares and bridge, road, and tunnel tolls, and employees engaged in the inspection of property, servicing of loans, or the liquidation of delinquent accounts, may be paid an allowance not to exceed 4 cents per mile for all travel performed in privately owned automobiles within the limits of their official posts of duty when such travel is performed in connection with such inspection, servicing, or liquidation; and not to exceed \$1,500 for periodicals and newspapers; not to exceed \$1,500 for contract actuarial services: *Provided further*, That all necessary expenses of the

1 Administration (including both services performed on a con-
2 tract or fee basis, but not including other personal services)
3 in connection with the acquisition, protection, completion,
4 operation, maintenance, improvement, or disposition of real
5 or personal property of the Administration acquired under
6 authority of titles I, II, and VI of said National Housing
7 Act, shall be considered as nonadministrative expenses for
8 the purposes hereof: *Provided further*, That, except as herein
9 otherwise provided, the administrative expenses and other
10 obligations, including nonadministrative expenses, of the
11 Administration shall be incurred, allowed, and paid in ac-
12 cordance with the provisions of said Act of June 27, 1934,
13 as amended (12 U. S. C. 1701): *Provided further*, That
14 not to exceed \$3,000,000 of the funds (after allowance
15 for salaries and expenses as authorized under the heading,
16 "Salaries and expenses, National Housing Agency, Federal
17 Housing Administration") in the account in the Treasury
18 comprised of premiums collected under authority of section
19 2 (f), title I, of said Act, shall be available for the payment
20 of losses under insurance granted under section 2 and
21 section 6, title I, of said Act.

22 Liquidation of resettlement projects: Not to exceed
23 \$99,500 of the receipts derived from the operation of the
24 projects transferred under paragraphs 1 (g) and 6 of Exec-
25 utive Order 9070 of February 24, 1942 (7 F. R. 1529),

1 shall be available for necessary expenses in connection with
2 and to facilitate disposition of the improved or unimproved
3 lands in the suburban resettlement projects known as Green-
4 belt, Greendale, and Greenhills, pursuant to the provisions
5 of section 5 of the Emergency Relief Appropriation Act
6 of 1935 (49 Stat. 115), including temporary employment
7 of persons or organizations, by contract or otherwise with-
8 out regard to section 3709 of the Revised Statutes and the
9 civil-service and classification laws, for making surveys,
10 plans, and plats, and expenses of additions, alterations, and
11 improvements to streets and utilities.

12 Federal Public Housing Authority: *Provided*, That of
13 the amounts available by or pursuant to law for the adminis-
14 trative expenses of the Federal Public Housing Authority
15 in carrying out duties imposed by or pursuant to law (all
16 of which are hereby merged into a single administrative ex-
17 pense account), not to exceed \$18,000,000 shall be avail-
18 able for such expenses (including not to exceed \$3,882,400
19 of the funds available for administrative expenses for the
20 corporate program), including temporary employment of per-
21 sons or organizations, by contract or otherwise, for legal or
22 other special services, without regard to section 3709 of
23 the Revised Statutes and the civil-service and classification
24 laws; reimbursement for the actual cost of ferry fares and
25 bridge, road, and tunnel tolls; an allowance of not to ex-

1 ceed 3 cents per mile for official travel in privately owned
2 automobiles by employees within the limits of their official
3 stations; reimbursement at not to exceed 5 cents per mile
4 to personnel serving without compensation from the United
5 States for expenses of travel performed by them in privately
6 owned automobiles away from their designated post of
7 duty; and photographing equipment: *Provided further,*
8 That all necessary expenses of providing representatives of
9 the Authority at the sites of non-Federal projects in con-
10 nection with the construction of such non-Federal projects
11 by public housing agencies with the aid of the Authority,
12 shall be reimbursed or paid by such agencies, and expendi-
13 tures by the Authority for such purpose shall be considered
14 nonadministrative expenses, and funds received from such
15 payments or reimbursements may be used only for the pay-
16 ment of all necessary expenses of providing representatives
17 of the Authority at the sites of non-Federal projects or for
18 administrative expenses of the Authority not in excess of
19 the amount authorized by the Congress.

20 Defense Homes Corporation: *Provided,* That not to
21 exceed \$75,000 shall be available for administrative ex-
22 penses, which shall be on an accrual basis and which ex-
23 penses may include temporary employment of persons or
24 organizations, by contract or otherwise, for legal or other
25 special services, without regard to section 3709 of the

1 Revised Statutes and the civil-service and classification laws;
2 reimbursement for the cost of ferry fares and bridge, road,
3 and tunnel tolls; an allowance of not to exceed 3 cents per
4 mile for official travel in privately owned automobiles by
5 employees within the limits of their official stations; and
6 reimbursement at not to exceed 5 cents per mile to per-
7 sonnel serving without compensation from the United States
8 for expenses of travel performed by them in privately owned
9 automobiles away from their official stations: *Provided fur-*
10 *ther*, That such administrative expenses shall be exclusive
11 of interest paid, depreciation, properly capitalized expendi-
12 tures, repayment of loans, property operating expenses (in-
13 cluding project inventory), charges to surplus and operating
14 reserve, and cost of sales of commodities, services, and
15 property.

16 DEPARTMENT OF AGRICULTURE

17 Commodity Credit Corporation: *Provided*, That not to
18 exceed \$8,000,000 shall be available for administrative
19 expenses of the Corporation, including not to exceed \$400
20 for periodicals, maps, and newspapers, and not to exceed
21 \$30,000 for penalty mail: *Provided further*, That all neces-
22 sary expenses (including legal and special services performed
23 on a contract or fee basis, but not including other personal
24 services) in connection with the acquisition, operation,
25 maintenance, improvement, or disposition of any real or

1 personal property belonging to the Corporation or in which
2 it has an interest, including expenses of collections of pledged
3 collateral, shall be considered as nonadministrative expenses
4 for the purposes hereof: *Provided further*, That none of the
5 fund made available by this paragraph shall be used for
6 administrative expenses connected with the sale of Govern-
7 ment-owned or Government-controlled stocks of farm com-
8 modities at less than parity price as defined by the Agri-
9 cultural Adjustment Act of 1938 or the comparable price
10 as provided by section 4 (a) of the Act of July 1, 1941,
11 as amended (15 U. S. C. 713a-8); and the method that
12 is now used for the purposes of Commodity Credit Cor-
13 poration loans for determining the parity price or its equiva-
14 lent for seven-eighths inch Middling cotton at the average
15 location used in fixing the base loan rate for cotton shall
16 also be used for determining the parity price for seven-
17 eighths inch Middling cotton at such average location for the
18 purposes of this proviso: *Provided further*, That the fore-
19 going shall not apply to the sale or other disposition of any
20 agricultural commodity substantially deteriorated in quality
21 (or in the case of perishable fruits, vegetables, and animal
22 products if there is danger of deterioration or of accumulation
23 of stocks) or sold for the purpose of feeding, or the extrac-
24 tion of peanut oil, or commodities disposed of for export
25 pursuant to section 21 (c) of the Surplus Property Act of

1 1944 (Public Law 457) or commodities sold to farmers
2 for seed or for new or byproduct uses, or commodities sold
3 for the purpose of establishing claims against persons who
4 have committed fraud, misrepresentations, or other wrong-
5 ful acts with respect to such commodities: *Provided further*,
6 That no wheat or corn shall be sold for feed at a price less
7 than the parity price of corn at the time such sale is made:
8 *Provided further*, That in making regional adjustments in
9 the sale price of corn or wheat the minimum price need not
10 be higher in any area than the United States average parity
11 price of corn: *Provided further*, That the Secretary of the
12 Treasury is hereby authorized and directed to discharge
13 \$921,456,561 of the indebtedness of the Commodity Credit
14 Corporation to the Secretary of the Treasury by canceling
15 notes in such amount issued by the Corporation to the
16 Secretary of the Treasury pursuant to section 4 of the Act
17 of March 8, 1938, as amended (15 U. S. C. 713a-4).

18 Federal Crop Insurance Corporation.

19 Federal Surplus Commodities Corporation: *Provided*,
20 That funds acquired by the Corporation as an agency of the
21 United States, other than funds transferred pursuant to the
22 Act of June 28, 1937 (50 Stat. 323), shall remain avail-
23 able to the Secretary of Agriculture for the purpose of
24 liquidation and dissolution of the Corporation: *Provided*,
25 *however*, That not to exceed \$40,000 of such funds may be

1 expended for administrative expenses during the fiscal year
2 1947.

3 Federal Farm Mortgage Corporation: *Provided*, That
4 not to exceed \$3,750,000 shall be available for administra-
5 tive expenses of the Corporation, including employment on
6 a contract or fee basis of persons, firms, and corporations for
7 the performance of special services, including legal services;
8 use of the services and facilities of Federal land banks, na-
9 tional farm-loan associations, Federal Reserve banks, and
10 agencies of the Government as authorized by the Act of
11 January 31, 1934 (12 U. S. C. 1020-1020h): *Provided*
12 *further*, That except for the limitation in amount herein-
13 before specified the administrative expenses and other obliga-
14 tions of the Corporation shall be incurred, allowed, and
15 paid in accordance with the provisions of said Act of Janu-
16 ary 31, 1934, as amended (12 U. S. C. 1016-1020h).

17 Federal Intermediate Credit Banks: *Provided*, That
18 not to exceed \$1,500,000 shall be available for administra-
19 tive expenses.

20 Production Credit Corporations: *Provided*, That not to
21 exceed \$1,600,000 shall be available for administrative ex-
22 penses.

23 Regional Agricultural Credit Corporation of Washington,
24 District of Columbia: *Provided*, That not to exceed \$341,000
25 shall be available for administrative expenses.

DEPARTMENT OF COMMERCE

Inland Waterways Corporation: *Provided*, That not to exceed \$624,000 shall be available for administrative expenses, including not to exceed \$3,600 for penalty mail: *Provided further*, That no funds shall be used to pay compensation of employees, except vessel employees, at rates in excess of rates fixed for similar services under the provisions of the Classification Act of 1923, as amended, and the Federal Employees Pay Act of 1945, as amended: *Provided further*, That no funds shall be used to pay the compensation of vessel employees at rates in excess of rates prevailing in the maritime industry.

Warrior River Terminal Company: *Provided*, That not to exceed \$20,200 shall be available for administrative expenses.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company: *Provided*, That not to exceed \$20,000 shall be available for administrative expenses.

DEPARTMENT OF JUSTICE

Federal Prison Industries: *Provided*, That not to exceed \$268,826 shall be available for administrative expenses.

DEPARTMENT OF STATE

Institute of Inter-American Affairs: *Provided*, That not to exceed \$700,000 shall be available for administra-

1 tive expenses, and not to exceed \$4,000 shall be available
2 for penalty mail.

3 Inter-American Transportation: *Provided*, That not to
4 exceed \$50,500 shall be available for administrative ex-
5 penses and not to exceed \$100 shall be available for penalty
6 mail.

7 Inter-American Educational Foundation: *Provided*,
8 That not to exceed \$350,000 shall be available for adminis-
9 trative expenses, and not to exceed \$2,000 shall be avail-
10 able for penalty mail.

11 Inter-American Navigation Corporation: *Provided*, That
12 not to exceed \$3,200 shall be available for administrative ex-
13 penses and not to exceed \$50 shall be available for penalty
14 mail.

15 Prencinradio, Incorporated: *Provided*, That not to exceed
16 \$11,000 shall be available for administrative expenses related
17 to liquidation and not to exceed \$50 shall be available for
18 penalty mail.

19 WAR DEPARTMENT

20 United States Spruce Production Corporation: *Provided*,
21 That not to exceed \$10,000 shall be available for administra-
22 tive expenses until January 1, 1947, and thereafter all admin-
23 istrative duties and responsibilities shall be assumed by such
24 officers and employees of the War Department as the Secre-
25 tary of War may designate and who shall receive no addi-

1 tional compensation for such duties: *Provided further*, That
2 the Secretary of War shall take appropriate steps to secure
3 the final dissolution and liquidation of the said corporation at
4 the earliest practicable date.

5 TITLE III—GENERAL PROVISIONS

6 SEC. 301. Funds made available by this Act for admin-
7 istrative expenses shall be available, in addition to objects
8 for which such funds are otherwise available, for personal
9 services and rent in the District of Columbia or elsewhere;
10 lawbooks, books of reference, periodicals, newspapers, and
11 maps; printing and binding; examination of budgets and
12 estimates of appropriations in the field; contract stenographic
13 reporting services; travel expenses in accordance with the
14 Standardized Government Travel Regulations, the Sub-
15 sistence Expense Act of 1926, as amended (except as to
16 per diem rates outside continental United States), and the
17 Act of February 14, 1931, as amended (5 U. S. C. 73a);
18 and for the objects specified under the head "General pro-
19 visions" in title II of the Independent Offices Appropriation
20 Act, 1947, all the provisions of which title (except section
21 211), unless otherwise specified in this Act, shall be ap-
22 plicable to the expenditure of such funds: *Provided*, That
23 the head of any agency may exercise any authority vested
24 in him by said title II through such subordinate or subordi-
25 nates as he may designate for the purpose.

1 SEC. 302. In order to meet emergencies or contingencies
2 arising subsequent to approval of the Budget and not pro-
3 vided for in the Budget program, a corporation or agency
4 covered by the provisions of this Act may, with the approval
5 of the President, adjust its budget program to provide, within
6 the limits of available funds and borrowing authority, for the
7 immediate initiation of programs authorized by law and
8 not specifically set forth in the Budget: *Provided*, That the
9 new program shall be promptly transmitted to the Congress
10 as an amendment to the Budget: *Provided further*, That
11 nothing in this section shall be construed as authority for
12 increasing the amount available for administrative expenses
13 under any limitation on such expenses.

14 SEC. 303. No part of any funds of any wholly owned
15 Government corporation shall be used for the purchase or
16 construction, or in making loans for the purchase or construc-
17 tion of any office building at the seat of government primarily
18 for occupancy by any department or agency of the United
19 States Government or by any corporation owned by the
20 United States Government.

21 SEC. 304. Funds of the corporations and agencies cov-
22 ered by the provisions of this Act shall be available for main-
23 tenance, operation, and repair of passenger automobiles and,
24 except as otherwise provided herein, shall be available for

1 purchase of passenger automobiles only for replacement of
2 nonserviceable vehicles.

3 SEC. 305. Any funds of, or available for expenditure by,
4 any corporation or agency included in this Act, which are
5 not subject to audit by the General Accounting Office under
6 the provisions of the Government Corporation Control Act
7 (Public Law 248, Seventy-ninth Congress) or other law,
8 shall be accounted for and audited in accordance with the
9 Budget and Accounting Act, as amended, and no such fund
10 shall be obligated or expended unless and until an appropriate
11 appropriation account shall have been established therefor
12 pursuant to an appropriation warrant or a covering warrant:
13 *Provided*, That this section shall not be so construed as to
14 modify or repeal any provision of any other law respecting
15 warranting, accounting for, and auditing of funds.

16 SEC. 306. No part of the funds of any corporation or
17 agency included in this Act shall be used to pay the salary
18 or wages of any person who engages in a strike against the
19 Government of the United States or who is a member of an
20 organization of Government employees that asserts the right
21 to strike against the Government of the United States, or
22 who advocates, or is a member of an organization that
23 advocates, the overthrow of the Government of the United
24 States by force or violence: *Provided*, That for the purposes

1 hereof an affidavit shall be considered prima facie evidence
2 that the person making the affidavit has not contrary to the
3 provisions of this section engaged in a strike against the
4 Government of the United States, is not a member of an
5 organization of Government employees that asserts the right
6 to strike against the Government of the United States, or
7 that such person does not advocate, and is not a member of
8 an organization that advocates, the overthrow of the Govern-
9 ment of the United States by force or violence: *Provided*
10 *further*, That any person who engages in a strike against
11 the Government of the United States or who is a member
12 of an organization of Government employees that asserts
13 the right to strike against the Government of the United
14 States, or who advocates, or who is a member of an organ-
15 ization that advocates, the overthrow of the Government of
16 the United States by force or violence and accepts employ-
17 ment the salary or wages for which are paid from the funds
18 of any corporation or agency included in this Act shall be
19 guilty of a felony and, upon conviction, shall be fined not
20 more than \$1,000 or imprisoned for not more than one
21 year, or both: *Provided further*, That the above penalty
22 clause shall be in addition to, and not in substitution for,
23 any other provisions of existing laws.

24 SEC. 307. This Act may be cited as the "Government
25 Corporations Appropriations Act, 1947".

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[FULL COMMITTEE PRINT]

Union Calendar No.

79TH CONGRESS
2^D SESSION

H. R.

[Report No.]

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

By Mr. MAHON

JUNE , 1946

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

JUNE 13, 1946.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6777]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

The budgets and estimates upon which the bill is based are found in the Corporation Supplement to the Budget of the United States Government for the fiscal year ending June 30, 1947 (House Document 541) and in House Documents Nos. 584 and 640.

SCOPE OF THE BILL

In recent years the Congress and the Government have found that the use of the Government corporation structure is an effective and beneficial means of transacting Government business and effectually assisting the people of the Nation in the orderly promotion of benefits to the general welfare. The use of this type of structure gives elasticity of operation, permits the use of business methods, and facilitates the handling of governmental operations. However, as good as the use of such structures are, adequate controls should be maintained.

The Government Corporation Control Act, which became a law on December 6, 1945, requires for the first time that all wholly owned Government corporations submit annual budgets to the Congress.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations with respect to the first budgets submitted in accordance with the provisions of such act.

The corporations and independent agencies covered by the bill are as follows:

Export-Import Bank of Washington. (District of Columbia charter.)

Panama Railroad Company. (New York charter.)

Tennessee Valley Associated Cooperatives. (Tennessee charter.)

Tennessee Valley Authority. (Federal charter.)

Federal Loan Agency:

Reconstruction Finance Corporation. (Federal charter.)

Federal National Mortgage Association. (Federal charter.)

Rubber Development Corporation. (Delaware charter.)

The RFC Mortgage Company. (Maryland charter.)

U. S. Commercial Company. (Federal charter.)

War Damage Corporation. (Federal charter.)

National Housing Agency:

Federal Home Loan Bank Administration. (Federal charter.)

Federal Savings and Loan Insurance Corporation. (Federal charter.)

Home Owners' Loan Corporation. (Federal charter.)

Federal Housing Administration. (Federal charter.)

Federal Public Housing Authority. (Federal charter.)

Defense Homes Corporation. (Maryland charter.)

Department of Agriculture:

Commodity Credit Corporation. (Delaware charter.)

Federal Crop Insurance Corporation. (Federal charter.)

Federal Surplus Commodities Corporation. (Delaware charter.)

Federal Farm Mortgage Corporation. (Federal charter.)

Federal Intermediate Credit Banks. (Federal charter.)

Production Credit Corporations. (Federal charter.)

Regional Agricultural Credit Corporation. (Federal charter.)

Department of Commerce:

Inland Waterways Corporation. (Federal charter.)

Warrior River Terminal Company. (Alabama charter.)

Department of the Interior:

Virgin Islands Company. (Municipality of St. Thomas and St. John charter.)

Department of Justice:

Federal Prison Industries, Inc. (Federal charter.)

Department of State:

Institute of Inter-American Affairs. (Delaware charter.)

Institute of Inter-American Navigation. (Delaware charter—in liquidation.)

Institute of Inter-American Transportation. (Delaware charter—in liquidation.)

Inter-American Educational Foundation. (Delaware charter.)

Preneirradio, Inc. (Delaware charter—in liquidation.)

War Department:

U. S. Spruce Production Corporation. (Washington charter—in liquidation.)

On June 30, 1946 the combined assets of these agencies will total \$16,447,000,000, of which loans receivable will account for \$3,790,000,000, and lands, structures, and equipment will account for \$8,830,000,000.

In 1947 it is anticipated that these agencies will receive and expend \$17,200,000,000, which will result in a net expenditure by the Treasury during such fiscal year of \$4,020,000,000. Of this amount, approximately \$1,900,000,000, reasonably may be expected to be recoverable through repayment of loans, sale of property, etc., in future years.

The committee looks upon the enactment of the Government Corporation Control Act as a long step forward in the fiscal affairs of the Government. However, the short time available after enactment of the law for preparation of budgets and their review by the Bureau of the Budget and the President preparatory to submission to Congress and for action by the Congress is not adequate for full deliberation at any stage, a situation which is not desirable but which is unavoidable. In future years it will be possible for the corporations, the Bureau of the Budget, and the Committee on Appropriations to give more detailed consideration to the various problems involved and to present to the House of Representatives more detailed information than it has been possible to develop and include in the hearings on the 1947 bill.

LIQUIDATION OF CORPORATIONS

Section 304 (b) of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads as follows:

No wholly owned Government corporation created by or under the laws of any State, Territory, or possession of the United States or any political subdivision thereof, or under the laws of the District of Columbia, shall continue after June 30, 1948, as an agency or instrumentality of the United States, and no funds of, or obtained from, the United States or any agency thereof, including corporations, shall be invested in or employed by any such corporation after that date, except for purposes of liquidation. The proper corporate authority of every such corporation shall take the necessary steps to institute dissolution or liquidation proceedings on or before that date: *Provided*, That prior thereto any such corporation may be reincorporated by Act of Congress for such purposes and term of existence and with such powers, privileges, and duties as authorized by such Act, including the power to take over the assets and assume the liabilities of its respective predecessor corporation.

A number of the corporations provided for in this bill do not have charters granted by act of Congress. Some of them will have completed the purposes for which organized before June 30, 1948, so that it will not be necessary to enact legislation continuing their operations after that date, but others, such as the Export-Import Bank of Washington, are engaged in business of such nature that some legislation will be required either to continue them as Federal corporations or to otherwise dispose of their functions and responsibilities. In enacting the law the Congress allowed 2½ years after its effective date in which to secure such legislation as may be necessary. In compliance with the act the budget for 1948 will be the last operating budget presented to the Congress for such corporations as it may be determined not to continue and the committee requests that the budget for the fiscal year 1948 for each such corporation indicate whether or not it is desired to liquidate the corporation or to continue it in operation. If liquidation is contemplated

such budget should make provision for initiation of the necessary dissolution and liquidation proceedings. If it is proposed that any such corporation be continued after June 30, 1948, recommendations with respect to the necessary legislation to accomplish this purpose should be transmitted to the Congress at the time the 1948 budget is submitted. This will give the Congress ample time to consider the proposals and enact in a normal way such legislation as it determines upon. It is highly important that the charters of the corporations to be continued may have the proper consideration of the Congress and of this committee in the discharge of its duty of handling appropriations and corporate budgets.

AUDITS BY GENERAL ACCOUNTING OFFICE

In addition to requiring submission of annual budgets, the Control Act also directed the Comptroller General of the United States to audit all of the financial transactions of the corporations in question. During the hearings on the bill the committee discussed with representatives of the General Accounting Office the plans and progress being made by that office with respect to these audits and desires to express itself as pleased with accomplishments to date. By the time another annual Budget is presented to the Congress the committee expects to have available reports of the audits and anticipates that such reports will be extremely useful in connection with consideration of the programs and activities of the various corporations. The absence of such reports has added to the task of the committee in connection with the 1947 budgets.

The committee has included section 305 in the bill for the purpose of assuring an audit by the General Accounting Office of all funds expended by the corporations and agencies included in the bill. Heretofore an audit was made of administrative expenses only of certain of the corporations but under the Control Act the General Accounting Office will now audit all the financial transactions of such corporations.

There is likelihood, however, that some funds may not be subject to any audit and the provision in the bill is to meet this contingency. It is not intended to disturb any requirement of existing law for audit by the General Accounting Office and is intended only to require an audit in those instances where there would otherwise be no such requirement.

THE LANGUAGE OF THE BILL

In reporting H. R. 3660, the bill which became Public Law 248, the Committee on Expenditures in the Executive Departments made the following statement:

It is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government.

The Budget, in accord with the foregoing, included language substantially as follows for each of the corporations involved:

The types of programs set forth in the 1947 budget of the ——— Corporation within the funds available to it, are approved.

The committee did not approve of this language, as it considered it too broad and general in its application. It was the consensus that the committee should write the bill in somewhat more specific terms which would authorize expenditures for those programs included in the Budget only to the extent such programs and expenditures are authorized by law.

It should further be stated that many of the programs set forth in the Budget, while in line with the substantive law, do not meet with the approval of individual members of the committee. Provision is made for carrying out such programs, however, because of the necessity of meeting the requirements of such substantive laws, and their inclusion in the bill is no indication of approval of the basic policy involved.

The committee, after considering the matter carefully, has determined to divide the bill into three titles. Title I includes all items of direct appropriation and title II includes the authority necessary for execution of the budget programs. Title III carries the general provisions, applicable to all items in the bill.

It will be noted that the first paragraph of title II authorizes each corporation to expend such funds and make such commitments as it may have authority otherwise to do which may be necessary in carrying out the programs set forth in its budget. It is the intention of the committee that the word "program" as used in the bill should be interpreted rather broadly in order to insure to the corporations the latitude that was intended by the Government Corporation Control Act and at the same time preclude the possibility, as apparently also was intended by the act, of a corporation under broad general powers, initiating a new type of activity of which the Congress knew nothing and had not contemplated.

The Comptroller General, in a letter to the Director of the Budget on March 28, 1946, stated:

You state that in transmitting these budgets certain language will be included with respect to each corporation, which will be introduced as follows:

"The types of programs set forth in the 1947 budget of the XYZ corporation, within the funds available to it, are approved."

Such language prefacing any legislative provisions for corporations would appear to signify only the congressional approval of the types of programs and to have no further connection or bearing upon the specific nature of expenditures to be made in carrying out such programs. No other fund limitation appearing, all of the funds of the corporation would appear to be available for the prosecution of the approved types of programs.

The language adopted by the committee is intended to grant the same authority as expressed by the Comptroller General, so far as the scope of programs is concerned. The major difference between the language of the bill and the language proposed in the budget lies in the fact that the bill as reported clearly limits the operations, expenditures, and commitments to whatever authority may exist in basic law or corporate charter, whereas under the budget proposed language such authority might be broadened by reason of the inclusion in a budget program of matters not previously authorized.

The corporate type of government agency has been adopted to meet situations where it appeared necessary to have an agency vested with a degree of latitude in the making of contracts and the expenditure of funds not possessed by regular Government departments and agencies. It was clearly the intent of the Congress in enacting the Government Corporation Control Act to continue such powers insofar as they may be necessary to the execution of a budget program to be presented annually to the Congress. This intent the committee has sought meticulously to follow.

The Budget proposed and the committee has approved section 302 of the bill to authorize corporations, after securing approval of the President, to institute new programs not included in the budget, but within the scope of their authority under substantive law, occasioned by emergencies and contingencies arising after the enactment of the annual budget. This section requires that although the corporation may immediately, upon the approval of the President, institute such a program, the program promptly shall be transmitted to the Congress for consideration as an amendment to the budget and also stipulates that no such program may be undertaken unless it is within the limits of funds and borrowing authority available to the corporation involved. This section appears to be within the spirit and intent of the Government Corporations Control Act.

So far as the programs included in the budget are concerned, the committee is aware that in some instances some difficulty may arise in determining the scope of activity which may be carried on, but it should be noted that this is the first time any of the corporations have prepared this type of budget and that inasmuch as the act requiring the submission of budgets was not adopted until December 6, 1945, it was necessary to develop the data and prepare the budgets very hurriedly. Discussions with the General Accounting Office and the Bureau of the Budget have disclosed a clear understanding of the proposals involved and the committee anticipates a reasonable and just interpretation by these two agencies. However, it is suggested that terminology be developed that will define the programs of each corporation in clear and concise form. An example for consideration may be found in the budget for the Commodity Credit Corporation (p. 274 of H. Doc. No. 541), where the following appears:

The budget of the corporation is based on six distinct types of programs carried out under corporate and other specific authorization. These types of programs are:

- (1) Supplies program.
- (2) Foreign-purchase program.
- (3) Price-support program.
- (4) Commodity-export program.
- (5) Subsidy program.
- (6) Loan to the Secretary of Agriculture.

FUNDS EMBRACED BY THE BILL

The following statement sets forth in condensed form the estimated amounts of funds to be provided through the operations of the various corporations and agencies covered by the bill and the purposes for which those funds will be expended. A similar table for each corporation or agency is included with the discussion of the individual agencies in this report. A detailed statement for each corporation will be found in the hearings.

Condensed combined statement of sources and application of funds (includes related noncorporate transactions) for fiscal years ending June 30, 1946 and 1947

	1946 estimated	1947 estimated
FUNDS APPLIED		
Acquisition of assets (Loans made; construction of housing, dams, etc.; purchases of securities and property; and increases in working capital.)	\$5, 181, 018, 426	\$6, 170, 152, 464
Cost of sales, expenses, subsidies, and indemnities (Administrative expenses; cost of commodities and supplies sold; payment of price subsidies; and insurance losses.)	8, 492, 363, 524	6, 054, 211, 759
Retirement of borrowings and capital and distribution of surplus (Consists largely of amounts paid to the Treasury.)	7, 045, 608, 137	5, 003, 786, 922
Total funds applied	20, 718, 990, 087	17, 228, 151, 145
FUNDS PROVIDED		
Realization of assets (Repayments of loans; sales of securities and property; and decreases in working capital.)	6, 256, 828, 675	4, 642, 248, 302
Revenues (Largely income from operations; sales of commodities; sales of strategic supplies.)	6, 192, 490, 933	3, 654, 127, 555
Borrowings and capital subscriptions (Consists largely of payments out of the Treasury.)	7, 307, 397, 242	7, 943, 294, 830
Contributions (Funds other than appropriations available to Office of Inter-American Affairs.)	242, 145	431, 610
Appropriations	962, 031, 092	983, 048, 848
Total funds provided	20, 718, 990, 087	17, 228, 151, 145

EFFECT ON THE TREASURY OF CORPORATE ACTIVITIES

There is given below a statement of the net effect on the United States Treasury of the operations of the Government corporations and agencies whose budgets are included in the bill. It will be noted that the net cost to the Treasury of these operations in 1946 is \$1,311,955,294, and in 1947 is \$4,020,135,206, an increase of \$2,708,-179,912. This figure is arrived at by various offsetting amounts, but the largest items affecting the total are increases in borrowings from the Treasury by the Export-Import Bank of approximately \$1,300,000,000; an increase in the net requirements of the Reconstruction Finance Corporation of approximately \$500,000,000; and an increase of more than \$600,000,000 in the amount required to restore the capital impairment of the Commodity Credit Corporation.

Estimated net effect upon U. S. Treasury from operations of wholly owned Government corporations and agencies

	1946 estimated		1947 estimated	
	Payments by U. S. Treasury	Receipts by U. S. Treasury	Payments by U. S. Treasury	Receipts by U. S. Treasury
Borrowing from the U. S. Treasury	\$4, 483, 739, 463	-----	\$5, 563, 481, 510	-----
Repayment of borrowings from U. S. Treasury	-----	\$4, 439, 673, 697	-----	\$2, 720, 000, 000
Return of capital funds and payment of dividends to U. S. Treasury	-----	130, 547, 187	-----	122, 196, 593
By capital and surplus subscriptions by U. S. Treasury	729, 542, 073	-----	300, 419, 000	-----
By payment of interest to U. S. Treasury	-----	110, 970, 954	-----	133, 798, 566
By net withdrawals from appropriation accounts	712, 891, 791	-----	313, 659, 895	-----
Cancellation of notes of Commodity Credit Corporation	-----	-----	921, 456, 561	-----

Estimated net effect upon U. S. Treasury from operations of wholly owned Government corporations and agencies—Continued

	1946 estimated		1947 estimated	
	Payments by U. S. Treas- ury	Receipts by U. S. Treas- ury	Payments by U. S. Treas- ury	Receipts by U. S. Treas- ury
By change in cash balances held in checking accounts with U. S. Treasury (exclusive of appropriation accounts)-----	\$66, 973, 805	-----	-----	\$102, 886, 601
Total-----	5, 993, 147, 132	\$4, 681, 191, 838	\$7, 099, 016, 966	3, 078, 881, 760
Estimated net payments by U. S. Treasury over receipts from wholly owned Government corporations-----	-----	1, 311, 955, 294	-----	4, 020, 135, 206
Total-----	5, 993, 147, 132	5, 993, 147, 132	7, 099, 016, 966	7, 099, 016, 966

Most of the appropriations for the corporations in this act are continuing appropriations and there follows a statement on the basis of the Budget as submitted of the amount which will be expended from various direct appropriations during 1947.

Status of appropriations of wholly owned Government corporations and agencies

	Balance brought forward from prior years	Appropriations, 1947	Expenditures, 1947	Balance carried forward to 1948
Office of the Administrator, National Housing Agency:				
National Defense Housing-----	\$2, 000, 000	-----	\$2, 000, 000	-----
Veterans' Housing-----	7, 810, 000	-----	7, 810, 000	-----
Federal Public Housing Authority program-----	444, 122, 988	¹ \$12, 600, 000	274, 316, 366	\$182, 406, 622
Tennessee Valley Authority-----	9, 867, 984	² 36, 572, 000	17, 113, 242	29, 326, 742
Federal Crop Insurance Corporation-----	-----	³ 7, 880, 000	² 7, 880, 000	-----
Institute of Inter-American Affairs (State Department)-----	-----	3, 456, 710	3, 456, 710	-----
Inter-American Education Foundation, Inc. (State Department)-----	-----	1, 083, 577	1, 083, 577	-----
Total-----	463, 800, 972	61, 592, 287	313, 659, 895	211, 733, 364

¹ Reduced by committee to \$8,300,000.

² Reduced by committee to \$25,906,000.

³ Reduced by committee to \$6,800,000.

ADMINISTRATIVE EXPENSES

The committee has placed limitations on administrative expenses throughout the bill in conformity with established practice with respect to agencies not operating under direct appropriations. The following table sets forth the amounts provided for such expenses in 1946, amounts proposed in the Budget for 1947, and the amounts recommended by the committee:

Agency	Allowed, 1946	Budget, 1947	Recom- mended in bill 1947	Bill com- pared with 1946	Bill com- pared with 1947
Export-Import Bank-----	\$522, 700	\$780, 000	\$780, 000	+\$257, 300	-----
Tennessee Valley Associated Cooperatives-----	2, 500	2, 500	2, 500	-----	-----
Panama Railroad Company-----	689, 512	591, 852	500, 000	- 189, 512	-\$91, 852
Federal Loan Agency:					
Office of Administrator-----	91, 000	118, 000	118, 000	+27, 000	-----
Reconstruction Finance Corporation--	41, 741, 100	37, 553, 000	33, 553, 000	-8, 188, 100	-4, 000, 000

Agency	Allowed, 1946	Budget, 1947	Recom- mended in bill 1947	Bill com- pared with 1946	Bill com- pared with 1947
National Housing Agency:					
Federal Home Loan Bank Adminis- tration.....	\$1,433,432	\$1,602,000	\$1,400,000	-\$33,432	-\$202,000
Federal Savings and Loan Insurance Corporation.....	531,000	532,000	532,000	+1,000	-----
Home Owners' Loan Corporation.....	5,754,000	5,179,000	4,500,000	-1,254,000	-679,000
Federal Housing Administration.....	11,250,000	17,624,000	17,624,000	+6,374,000	-----
Federal Public Housing Authority.....	17,229,400	19,845,400	18,000,000	+770,600	-1,845,400
Defense Homes Corporation.....	105,391	98,400	75,000	-30,391	-23,400
Department of Agriculture:					
Commodity Credit Corporation.....	8,932,500	8,760,000	8,000,000	-932,500	-760,000
Federal Crop Insurance Corporation.....	17,984,900	17,880,000	16,800,000	-1,184,900	-1,080,000
Federal Surplus Commodities Corpora- tion.....	52	40,000	40,000	+39,948	-----
Federal Farm Mortgage Corporation.....	6,450,000	4,000,000	3,750,000	-2,700,000	-250,000
Intermediate credit banks.....	1,662,039	1,688,501	1,500,000	-162,039	-188,501
Production credit corporations.....	1,644,912	1,736,993	1,600,000	-44,912	-136,993
Regional Agricultural Credit Corpora- tion.....	642,000	441,000	341,000	-301,000	-100,000
Department of Commerce:					
Inland Waterways Corporation.....	595,346	714,281	624,000	+28,654	-90,281
Warrior River Terminal Company.....	19,459	20,200	20,200	+741	-----
Department of Interior: Virgin Islands Company.....	27,900	26,900	20,000	-7,900	-6,900
Department of Justice: Federal Prison Industries.....	204,444	268,826	268,826	+64,382	-----
Department of State:					
Institute of Inter-American Affairs.....	737,320	884,800	700,000	-37,320	-184,800
Institute of Inter-American Transpor- tation.....	62,279	50,500	50,500	-11,779	-----
Inter-American Educational Founda- tion.....	246,829	430,000	350,000	+103,171	-80,000
Inter-American Navigation Corpora- tion.....	1,613	3,200	3,200	+1,587	-----
Prencinradio, Inc.....	8,700	11,000	11,000	+2,300	-----
Spruce Production Corporation.....	20,884	13,669	10,000	-10,884	-3,669
Total.....	108,591,212	110,896,022	101,173,226	-7,417,986	-9,722,796

¹ Direct appropriation from the Treasury.

The Federal Employees Pay Act of 1946 will make necessary amounts in addition to the foregoing. Such amounts will be communicated by the President to the Congress at a later date for consideration. However, in enacting the pay law the Congress has indicated that it desires the resultant cost to be met from savings ensuing from reductions in personnel wherever possible. The committee has taken this fact into account in adjusting the items for administrative expenses. In addition, certain of the corporations have been greatly enlarged by the necessity of war activity, and the expenses incident to such war activity should be eliminated as rapidly as feasible. The committee has included the usual provision (sec. 306) which has been generally added to appropriation bills respecting the payment of compensation of persons who assert the right to strike against the Government of the United States or who are members of organizations that advocate the overthrow of the Government of the United States.

While these expenses are not paid out of direct appropriations from the Treasury, they, nevertheless, have a direct effect on the Treasury as the Treasury ultimately receives any profits or sustains any losses resulting from corporate activity. The administrative expenses of most of these corporations are being limited for the first time as they have heretofore been permitted to spend such amount of the funds within their control as they saw fit for these purposes and the committee has experienced considerable difficulty in estimating the needs due to the lack of uniformity in determining what constitutes adminis-

trative expense. No two corporations appear to follow the same rule. Naturally the differences in types of business conducted and types of organization necessary make it impracticable to use identical classifications in all of them but certainly some standards can be developed which will serve as a yardstick and will simplify the task of the committee and the Congress in years to come in determining requirements. The committee, therefore, expects to have a survey conducted before the presentation of the 1948 budget with a view to establishing basic policies with regard to such expenses which should serve to facilitate the development and presentation of administrative expense budgets in the Bureau of the Budget and in the Committee on Appropriations.

Those corporations which have heretofore been subject to administrative expense limitations have a definition written into the bill which defines for audit purposes the items properly chargeable to such limitations. Some difficulty may arise in connection with those which have not heretofore been so limited but it is the intention of the committee that in applying the limitation the funds shall be expended only for those items included in the schedule of administrative expenses set forth in the Budget and that no other funds shall be employed for such purposes. This should meet all requirements of the accounting officers in the fiscal year 1947.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was organized as a District of Columbia banking corporation pursuant to Executive Order 6851, dated February 2, 1934, and was continued as an agency of the United States by act approved January 31, 1935, and subsequent acts. The bank was established to stimulate the international trade of the United States. The act of September 26, 1940, increased the Bank's lending authority from \$200,000,000 to \$700,000,000. In a message to Congress in June 1945, the President indicated that, with the slowing down and termination of lend-lease, the bank should be empowered to assist liberated countries during the transition from war to peace. Congress subsequently passed the Export-Import Bank Act of July 31, 1945, increasing the lending authority of the bank from \$700,000,000 to 3.5 billion dollars. The same legislation removed the prohibition on loans by the bank and persons participating with the bank to governments in default to the United States Government; made the bank an independent agency; created a statutory bipartisan Board of Directors; and arranged its financing directly from the Treasury instead of through the Reconstruction Finance Corporation. The Board of Directors consists of the Secretary of State and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom is designated by the President as chairman.

The bank is only now getting well started on its postwar program.

In the past the activities of the bank contributed in an important way to the foreign trade of the United States and with its expanded borrowing and lending power should be in a position to make a real contribution to the commerce of the United States, which in turn would assist other countries. The Board of Directors has responsibility for lending 3.5 billion dollars belonging to the taxpayers of the United States. The responsibility is a large one and should be

exercised with every precaution consistent with the letter and spirit of the governing statutes. The committee was advised in the hearings that the bank makes every effort to place loans with private lending agencies before making a direct loan and this policy the committee wholeheartedly endorses. Every effort should be made to secure the cooperation of private capital before the investment of public funds.

One of the outstanding accomplishments of the bank to date has been the financing of exportation of cotton and it is now engaged in a program which will lead to the exportation of approximately 800,000 bales. The terms of the program are designed to encourage the handling of shipments through private business channels as well as utilizing to the fullest the participation of private capital and thereby maintain and assist the regularly established methods of handling this character of business. The exportation of surplus commodities will result in direct benefits to American producers through stabilization of domestic markets.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1062 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$581,619,107	\$2,100,345,000
Expenses.....	511,666	7,655,000
Retirement of preferred stock and payment of dividends.....	176,610,000	-----
Total funds applied.....	758,740,773	2,108,000,000
FUNDS PROVIDED		
Realization of assets.....	50,000,000	60,000,000
Revenue.....	9,740,773	48,000,000
Borrowings and issue of capital stock.....	699,000,000	2,000,000,000
Total funds provided.....	758,740,773	2,108,000,000

The item "Acquisition of assets" includes \$2,000,000,000 to be loaned during 1947. This estimate is most indefinite as the bank has undergone a complete reorganization under the act of 1945 and world trade is as yet so disturbed by conditions consequent upon the war that it is not possible to determine just what demands will be made on the bank.

The retirement of preferred stock and payment of dividends in 1946 is actually only a bookkeeping transaction so far as the Government is concerned in that the amount of \$176,610,000 was derived from the sale of capital stock to the Treasury of the United States to secure funds to pay the Reconstruction Finance Corporation the amount of the investment of such corporation in the preferred stock of the bank and the necessary dividend thereon as required in the act of 1945.

The item for expenses for 1947 is composed of interest payments, estimated at \$6,875,000, and administrative expenses, \$780,000.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Co. acquired most of the 70,000 shares of its stock. This

company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co., which were purchased for the sum of \$40,000,000, as authorized by the act of Congress approved June 28, 1902. The remaining 1,112 shares were purchased from private owners in 1905, at an average cost of approximately \$140 per share.

By Executive order of May 9, 1904, the President directed that all members of the Isthmian Canal Commission be elected to the board of directors of the Panama Railroad Company and that the policy of the Panama Railroad Company be completely harmonized with the policy of the Government of making it an adjunct to the construction of the Canal, while at the same time fulfilling the purpose for which it was constructed as a route of commercial movement across the Isthmus of Panama. The Panama Canal Act, approved August 24, 1912, authorized the President to establish, maintain, and operate, through the Panama Railroad Company, or otherwise, numerous types of business activities related to the Canal. This authority was exercised in many cases, and the conduct of incidental business operations by the Panama Railroad Company has been continued to date.

The name of the Corporation is not descriptive of its functions. Although by name a railroad company, it operates harbor-terminal facilities, a telephone system, two hotels, several commissary stores, a dairy, two coaling plants, and a steamship line. Of these activities all are in the Canal Zone except the steamship line, which operates between the Canal Zone and New York. In 1939 three vessels of 10,000 gross tons each were built at a total cost of \$13,200,000. They normally maintain a weekly service between New York and Cristobal, but in 1941 these vessels were requisitioned for use by the Maritime Commission and the War Department in the prosecution of the war. One of the vessels has already been returned to the Company and it is expected that the other two will be returned within the next few months after which time the regular scheduled sailings will be resumed and the Corporation will then be carrying on all of its traditional activities.

The railroad, comprising 50 miles of main-line track between the cities of Panama and Colon, was the only means of transshipment of freight or of passengers, inasmuch as the Canal is suitable only for oceangoing commerce, until the construction of the trans-Isthmian highway which was built during the war by the United States Government. What effect truck and bus service over this highway will have on the business of the railroad remains to be seen. The opinion is expressed by the Company that development of highway facilities will never entirely replace the services of the railroad, particularly for heavy or bulky shipments.

The two hotels, the Tivoli, in Ancon, and the Washington, in Colon, operated at a loss from 1930 to 1939 but, on account of increased activities on the Isthmus, have made a profit each year during the war. Under a treaty commitment the United States Government will leave the hotel business in the hands of Panamanian industry when suitable hotel accommodations are available in the Republic. The Tivoli, the larger of the two, is an old building which

was fully depreciated many years ago and certainly cannot be used for hotel purposes much longer.

On account of the change in the business of the railroad by reason of development of highways, which is inevitable, and the unsatisfactory condition of the hotels, considerable readjustment in the business is indubitably in the offing and the committee believes responsible officials of the Company should now be preparing plans for future operations which will conserve the assets of the Company and thereby protect the interest of the United States Treasury.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 153 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$904,370	\$550,625
Expenses and cost of sales.....	43,994,304	45,684,888
Payment of dividends.....	2,100,000	3,000,000
Total funds applied.....	46,998,674	49,235,513
FUNDS PROVIDED		
Net decrease in working capital.....	0	2,391,063
Revenues.....	46,998,674	46,844,450
Total funds provided.....	46,998,674	49,235,513

The committee has reduced the amount for administrative expenses from \$591,852 to \$500,000 and this reduction will serve to decrease the item for expenses in the foregoing table. The amount set forth for acquisition of assets will be used for improvements to plant and equipment in the various activities of the Corporation. The item for payment of dividends represents amounts payable to the United States Treasury.

While gross revenues in 1947 are expected to approximate revenues for 1946 there is included for 1947 an item of \$7,000,000 which has been set aside during the war to take care of possible liability for ocean freight charges growing out of the transfer of the Corporation-owned steamships to other agencies of the Government. It now has been determined that this amount will not be required and the account is being transferred to revenues in 1947. The steamship lines are expected to produce \$4,090,000—there were no revenues from this source in 1946—and revenues from the commissary division are estimated at \$29,000,000, a reduction of \$10,000,000 below 1946.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated January 25, 1934, under the laws of the State of Tennessee, for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises needed to improve the economic welfare of the lower-income families in the Tennessee Valley area; to assist in the development of cooperative enterprises in the Tennessee Valley area through educational services

to individuals and associations concerning the principles of cooperative enterprise; to determine which of the various types of cooperative organizations could advantageously be created and utilized in the area; and to accumulate data and evaluate the services which might be economically rendered by such organizations as well as other scientific data and information useful and valuable from an economic standpoint. The directors of the Tennessee Valley Authority served as the incorporators of TVAC and as its first board of directors, but in so doing, acted in their private capacity as individuals rather than in their official capacity as TVA directors. The present directors of TVAC have no present connection with the TVA. No act of Congress or Executive order or Federal statute specifically authorized the creation of TVAC.

Whether or not this corporation should be liquidated, continued as a Federal activity, or divested from Federal control, presents a very involved problem which the committee hopes will be settled at an early date. In the meantime, the committee believes that all assets should be held intact pending action by the Congress. It was stated in the hearings that it is the present purpose of the management of the corporation to make a grant of \$20,000 to a cooperative in order to cancel a like amount of preferred stock held by the corporation. Action on this and any other similar problems should be held in abeyance until the matter is finally determined by action of the Congress.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$6,041	\$5,300
Expenses.....	2,670	2,700
Total funds applied.....	8,711	8,000
FUNDS PROVIDED		
By repayments of loans.....	2,350	4,000
Revenues.....	6,361	4,000
Total funds provided.....	8,711	8,000

The corporation owns preferred stock in local cooperative enterprises to the value of \$33,825 and on June 30, 1946, will have outstanding loans to cooperatives in the amount of \$224,890. It is estimated that these loans are worth \$114,890.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The corporation was also specifically authorized to take over the World War I munition plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined by Executive Order 6161 (June 8, 1933) that TVA should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory.

The funds required for developmental work and operation of the various activities of the Authority have been derived from three sources:

(1) Appropriations from the Federal Treasury	\$677, 969, 270
(2) Earnings expended in accordance with sec. 26 of the act	¹ 180, 000, 000
(3) Bonds issued	65, 072, 500
Total	823, 041, 770

¹ \$100,000,000 invested in facilities and \$80,000,000 for operating expenses.

As of June 30, 1945, the outstanding indebtedness under authority to issue bonds—which expired January 1, 1941—amounted to \$61,022,500, of which amount \$56,772,500 was held by the Treasury and \$4,003,000 was held by the Reconstruction Finance Corporation. Under section 26 of the act the Tennessee Valley Authority is authorized to use proceeds from the sale of power and other corporate sources for various purposes in the valley and in the administration of the act, but any surplus in such fund is required to be paid to the Treasury of the United States. In 1945 the first cash payment, amounting to \$12,597,744, was made. Prior thereto receipts totaling \$180,000,000 had been expended by the Authority. Of this amount \$100,000,000 was invested, in accord with section 26 of the act and with congressional approval, in facilities and the remainder expended for operating expenses. That portion of the investments which represents the cost of power-producing plants and facilities in the Tennessee Valley Authority should be amortized over a period of not to exceed 40 years and that the Treasury of the United States should be reimbursed insofar as possible for the cost of such construction. The repayment made in 1945 meets with the full approval of the committee and it is suggested that a plan for a schedule of repayments be submitted to the Congress in connection with the next annual budget. The investment of the United States in these projects is substantial and now that revenues are substantial, orderly provision should be made for restoring funds advanced from the Treasury which would leave a large operating facility owned, free of debt, by the people.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 936 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$29,806,235	¹ \$51,573,500
Expenses.....	30,471,000	31,123,000
Retirement of borrowings and payment of dividends.....	14,897,744	2,272,500
Total funds applied.....	75,174,979	84,969,000
FUNDS PROVIDED		
Realization of assets.....	21,605,979	1,163,000
Revenue.....	43,921,000	47,234,000
Appropriations.....	9,648,000	² 36,572,000
Total funds provided.....	75,174,979	84,969,000

¹ Reduced to \$40,907,500 by the committee.² Reduced to \$25,906,000 by the committee.

Major construction during the war years has been limited to such projects as were directly related to and required by the war program and the budget for 1947 contemplates resumption of the construction necessary to development of the valley in accordance with the original purposes of the act and includes funds for further construction on one of the upper Holston projects; for completion of changes at the Hales Bar project to provide a 9-foot channel in the upper end of the Hales Bar pool; start of construction on changes at lock and dam No. 1 below Wilson Dam to provide standard channel widths and depths; completion of the fifth generator unit at Kentucky Dam; construction of transmission system changes as necessary to meet the growth and location of load requirements; construction of a power system service building at Wilson Dam, Ala.; and numerous other small construction jobs. The committee has considered these projects and recognizes the ultimate necessity of their construction.

Work was begun on Watauga and South Holston projects (two multiple-purpose dams) in December 1941, but was stopped on Watauga in December 1942, and on South Holston in April 1943, in compliance with orders issued by the War Production Board to divert critical manpower and materials to projects directly related to war-production goals. The present stringencies in the supply of construction materials has been very forcefully brought to the attention of the committee by the officials of the National Housing Agency, who are finding it most difficult to procure a sufficient quantity of such materials to meet the requirements of the housing program for veterans and otherwise to relieve the distressing housing shortage throughout the Nation. The need for the Watauga and South Holston projects is no more critical now than it was at the time they were closed down at the beginning of the war and the committee has determined that they should be deferred for construction at a later date when the veterans' housing shortage has been met and the shortage of construction materials is not so critical. More than \$10,000,000 has already been invested in these projects and doubtless some loss occurred by suspension of construction but such loss should not be increased by further deferral. This accounts for the reduction of \$9,666,000 in the appropriation proposed and in the item "Acquisition of assets" in the foregoing table.

FEDERAL LOAN AGENCY

RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation was created by the act approved January 22, 1932. The Corporation was formally organized and its operations were begun on February 2, 1932. The scope of the Corporation's functions has been extended or modified from time to time by amendatory and supplemental legislation, and its succession, originally established at 10 years, has been extended 5 years to January 22, 1947. The affairs of the Corporation are supervised by a bipartisan board of five directors appointed for a term of 2 years by the President with the advice and consent of the Senate.

The legislation creating the Corporation authorized it to extend financial assistance to agriculture, commerce, and industry, through direct loans to banks, trust companies, building and loan associations, insurance companies, mortgage-loan companies, and various agricultural credit agencies. Loans were also authorized to closed banks to aid in their reorganization or liquidation, and, upon approval of the Interstate Commerce Commission, to railroads, or receivers of railroads to provide temporary financial assistance.

Through amendatory and supplemental legislation the Corporation has been authorized: (1) To purchase the capital stock of banks, insurance companies, agricultural credit corporations, national mortgage associations, and various governmental agencies; (2) to make loans to business enterprises, mining interests, agricultural improvement districts, public-school authorities, and various other classes of borrowers; (3) to assist in financing the construction of public works and various self-liquidating projects; and (4) in connection with the defense and war programs, to provide financing for purposes of plant conversion and construction, working capital, mining operations, and other activities; to provide war-production facilities; to provide supplies of, and to stock-pile, strategic and critical materials including the payment of price subsidies, and to undertake a wide range of other activities incident to the war effort. Under the provisions of Executive Order 9665, dated December 27, 1945, the lending functions and certain related activities of the Smaller War Plants Corporation were transferred to the Reconstruction Finance Corporation as of January 27, 1946.

The capital stock of the Corporation is \$375,000,000, all of which has been subscribed and paid in by the Secretary of the Treasury. The Corporation is authorized to borrow for its general purposes \$15,750,000,000 and in addition is authorized to borrow various amounts for specific purposes. In some cases these amounts are definite and in others limited only to the amount necessary to carry out the specific program. The total authorized for specific purposes, including amounts used for purposes where the limitation was not stated in terms of dollars, is \$4,749,892,000.

On June 30, 1945, the Corporation had \$9,019,947,124 in notes outstanding in the hands of the Secretary of the Treasury of which amount \$7,871,935,306 was for the general purposes of the Corporation. It is expected that the total notes outstanding will be \$9,890,000,000 on June 30, 1946, and \$11,254,000,000 on June 30, 1947.

Aside from losses incurred in operating funds for allocation to other governmental agencies or for relief directed by law, the activities of the Corporation have resulted in no loss to the Government. Heretofore, notes in the amount of \$2,784,867,008 have been authorized by law to be cancelled as representing amounts supplied to other agencies of the Government and for relief and which were not properly chargeable to the regular activities of the Reconstruction Finance Corporation. During the war years additional losses were incurred from operation of various war and war-related programs, such as the defense-plants program, the strategic supplies program, etc., and these losses together with expenditures for subsidy programs are expected to amount to \$4,069,000,000 by June 30, 1946. These activities will still have a major effect on the financial condition of the Corporation during 1947 and the Budget estimates the total cost will be \$6,500,000,000 by June 30, 1947, but this figure includes substantial amounts for subsidies—\$1,000,000,000 is estimated for the payment of subsidies on flour and meat—and it is not possible to tell what the actual expenditures in 1947 will be until a definite policy is established with regard to payment of these subsidies.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 624 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$2, 530, 137, 314	\$1, 672, 325, 905
Expenses, subsidies, and cost of sales.....	3, 493, 040, 672	2, 526, 255, 667
Retirement of borrowings.....	390, 391, 697	0
Total funds applied.....	6, 413, 569, 683	4, 198, 581, 572
FUNDS PROVIDED		
Realization of assets.....	3, 049, 575, 782	1, 712, 899, 358
Revenues.....	2, 102, 554, 438	1, 122, 200, 714
Borrowings.....	1, 261, 439, 463	1, 363, 481, 500
Total funds provided.....	6, 413, 569, 683	4, 198, 581, 572

¹ Includes administrative expenses estimated at \$37,553,000 and reduced to \$33,553,000 by committee.

It will be noted that, while the volume of business for 1947 is almost one-third less than 1946, the net cost to the Treasury in cash to be provided is approximately \$500,000,000 more in 1947 than in 1946, in that \$100,000,000 more will be borrowed from the Treasury and nothing will be repaid, while in 1946 nearly \$400,000,000 was repaid. Of the total expenditures in 1947, \$2,467,000,000 is estimated to be required in payments of subsidies and in carrying forward war programs which are in various stages of final dissolution and completion. The liquidation of these programs is a first order of business and the committee urges that they be completed at the earliest practicable date consonant with the financial interest of the United States in the various investments it has made.

In the first deficiency appropriation bill for 1945 the Congress placed a limitation of \$500,000 on loans which the RFC might make to any State or other public body for construction. Subsequently, the veterans housing bill carried a provision to permit loans for construction of dormitories to house veterans at publicly owned educational

institutions. The committee has reviewed the situation and has determined that, for 1947, in lieu of the limitation of \$500,000 on individual loans it is preferable to limit the total amount of loans which may be outstanding at any one time and provision has been included in the bill establishing this limitation at \$100,000,000. The RFC accepts bearer bonds for this class of loans and it is the practice to market them just as rapidly as possible. Out of a total of \$300,000,000 in loans in this category which have been made since 1938 the RFC owns bonds to the total of \$25,000,000 and of this amount \$20,000,000 is in one project started before the war and on which construction was suspended. It is not yet completed. The sale of bonds is without recourse to the Government and has resulted in a profit in the handling of the \$300,000,000 so far loaned. The committee does not desire to see RFC lending money for such purposes when private funds might be available and believes the limitation imposed will furnish sufficient latitude for the RFC to make all necessary loans but will require that the bonds be transferred to private ownership just as quickly as there is a market.

The item for administrative expenses includes administration of all the subsidiaries as well as the parent corporation. The heavy expense involved in the war programs, which accounts for approximately \$23,000,000 of the total estimated for 1947, \$37,553,000, should be reduced rapidly. As compared with 1946 the budget indicates an actual increase in the strategic supplies program, approximately the same amounts for the strategic metals and rubber programs and a reduction of only 15 percent in the defense-plants program, which does not appear to be commensurate with reduction in activity. The committee does not consider these estimates to be in line with volume of business to be transacted and therefore has imposed a reduction of \$4,000,000 in the amount for administration, which should be absorbed in the war programs without hardship.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Federal National Mortgage Association was organized in April 1938 under title III of the National Housing Act, as amended, for the purpose of assisting in establishing a market for first mortgages insured under the provisions of title II of the National Housing Act, as amended, covering properties upon which are located newly constructed houses or housing projects; to facilitate the construction and financing of economically sound rental-housing projects to be operated at a moderate scale of rentals, and to make available to individual and institutional investors bonds issued by the Association pursuant to the provisions of section 302 of title III of the National Housing Act, as amended, and the regulations of the Federal Housing Commissioner. The Association purchases mortgages insured under sections 203 and 207 of the National Housing Act. Purchases under section 203 are limited to mortgages insured subsequent to January 1, 1937, covering homes built subsequent to January 1, 1936. The Association has made periodic sales of mortgages to originating mortgagees.

The affairs of the Association are managed by a board of directors who are appointed by the Board of Directors of the Reconstruction Finance Corporation.

Federal National Mortgage Association was organized with a paid-in capital of \$10,000,000 and a surplus of \$1,000,000 which was subscribed for and purchased by the Reconstruction Finance Corporation. Such additional funds as were required by its programs were obtained through the sale of bonds which it issued, and by borrowings from the Reconstruction Finance Corporation.

This Corporation currently has no bonds outstanding and appears to be in sound financial condition. Its activity has been greatly lessened during the past few years but it is altogether possible that the large scale housing program now being undertaken will result in demands during the next year which will necessitate its borrowing substantial sums. The financial statements submitted in the Budget estimate outstanding notes on June 30, 1947, at \$12,500,000, but admittedly this is purely tentative and the amount may be substantially larger.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 704 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$3, 475, 029	\$20, 020, 000
Expenses.....	385, 620	658, 200
Retirement of borrowings and payment of dividends.....	0	500, 000
Total funds applied.....	3, 860, 649	21, 178, 200
FUNDS PROVIDED		
Realization of assets.....	3, 441, 685	7, 328, 561
Revenues.....	418, 964	849, 639
Borrowings.....	0	13, 000, 000
Total funds provided.....	3, 860, 649	21, 178, 200

RFC MORTGAGE COMPANY

The RFC Mortgage Company was organized in March 1935 under the laws of the State of Maryland, for the purpose of assisting in the reestablishment of a normal mortgage market. The affairs of the Company are supervised by a board of directors appointed by the Board of Directors of the Reconstruction Finance Corporation. It makes real estate mortgage loans to aid in the construction of new buildings for which there is a demonstrated economic need and upon properties which are in distress in cases where the applicant cannot obtain needed refinancing elsewhere at reasonable rates and terms. The Company also aids in the housing programs of the Federal Housing Administration by creating a market where financial institutions can sell Federal Housing Administration insured mortgages to provide cash for making additional loans or for other purposes. This phase of its operations includes the purchase of class 3, title I loans, title II mortgages, and title VI mortgages insured under the provisions of the National Housing Act. However, title II purchases are limited to mortgages insured prior to January 1, 1937, covering homes built prior to January 1, 1936. In addition to its lending and purchase operations, the Company sells loans and mortgages to institutions for investment purposes, sales of insured mortgages being confined to

institutions which have been approved by Federal Housing Administration as mortgagees.

The RFC Mortgage Company originally had an authorized capital stock of \$10,000,000 and this amount was later increased to \$25,000,000.

This Company is a subsidiary of RFC, organized and chartered under the laws of the State of Maryland. Under the law it must either secure a Federal charter by June 30, 1948, or go into liquidation. Every type of activity engaged in by this corporation could be handled by Reconstruction Finance Corporation or the Federal National Mortgage Association and it appears to the committee that activity of the Mortgage Company should be minimized with view to eventual relinquishment of the separate charter and the transfer of all functions to the Reconstruction Finance Corporation and Federal National Mortgage Association. Since June 30, 1944, the notes of the Corporation payable to the Reconstruction Finance Corporation have been reduced from \$93,000,000 to approximately \$27,000,000 and it is suggested that further reductions in this account be made wherever possible and that assets of the Mortgage Company be liquidated or transferred to the Reconstruction Finance Corporation as rapidly as feasible.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 717 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$12, 442, 660	\$30, 000, 000
Expenses.....	2, 612, 662	2, 473, 510
Retirement of borrowings.....	23, 148, 453	1, 000, 000
Total funds applied.....	38, 203, 775	33, 473, 510
FUNDS PROVIDED		
Realization of assets.....	28, 226, 099	9, 780, 390
Revenues.....	3, 599, 717	3, 393, 120
Borrowings.....	6, 377, 959	20, 300, 000
Total funds provided.....	38, 203, 775	33, 473, 510

RUBBER DEVELOPMENT CORPORATION

Rubber Development Corporation is chartered under the laws of the State of Delaware, and commenced operations on February 23, 1943, with approval of the President, and at the suggestion of the Rubber Director, who by terms of Executive Order 7246, dated September 17, 1942, had been made administratively responsible for the Nation's rubber program. The affairs of the Corporation are supervised by a board of directors appointed by the Board of Directors of the Reconstruction Finance Corporation and includes a representative of the Department of State. By direction of the Rubber Director, dated February 5, 1943, the Rubber Development Corporation was authorized to handle that part of the rubber program pertaining to the acquisition and development of natural rubber from sources outside the continental United States. In commencing its operations, the Corporation assumed certain functions

of the Rubber Reserve Company and of the Defense Supplies Corporation relating, respectively to rubber agreements consummated with various foreign governments, and to aviation and construction programs directed toward facilitating rubber production in the Amazon Valley of South America. Under Executive Order 9361, dated July 15, 1943, Rubber Development Corporation was transferred from the Reconstruction Finance Corporation to the Office of Economic Warfare, and subsequently under Executive Order 9380, dated September 25, 1943, to the Foreign Economic Administration. Pursuant to Executive Order 9630, dated September 27, 1945, the Corporation was transferred to the Reconstruction Finance Corporation. Continuance of the Corporation's functions as the sole agency of the United States Government engaged in foreign procurement of natural rubber was confirmed by the Civilian Production Administration under date of November 6, 1945.

Rubber Development Corporation has an authorized capital stock of \$200,000, \$100,000 of which has been issued. This stock is owned by the Reconstruction Finance Corporation. Activities of the Rubber Development Corporation are financed through loans by the Reconstruction Finance Corporation, as authorized by section 5d (2) of the Reconstruction Finance Corporation Act. On June 30, 1945, the balance of the Corporation's notes payable to the Reconstruction Finance Corporation approximated \$77,000,000.

This was a purely wartime program destined from its inception to lose money. The capital impairment on June 30, 1945, was \$35,745,000 and it is estimated that this figure will increase to \$59,535,000 by June 30, 1947. The production of rubber is a process requiring several years and it was necessary for this Corporation to make commitments extending over a considerable period in order to carry out its purpose. However, it appears now that it will be possible to conclude all pending matters and place the Corporation in liquidation during the fiscal year 1947. It will not be possible to ascertain the ultimate loss until all contracts have been consummated. Whatever the cost it must all be charged off as part of the cost of the war. In retrospect it may appear that results achieved in programs of this type were far too expensive but in 1942 when this program was begun the shortage of rubber will be recalled as one of the most acute problems of that day and no price was too high if it would produce rubber.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 726 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets	\$61, 573	\$15, 000
Expenses and cost of sales	204, 766, 371	264, 415, 922
Retirement of borrowings	216, 944, 094	259, 000, 000
Total funds applied	421, 772, 038	523, 430, 922
FUNDS PROVIDED		
Realization of assets	25, 452, 455	2, 945, 000
Revenue	185, 777, 898	259, 200, 000
Borrowings	210, 541, 685	261, 285, 922
Total funds provided	421, 772, 038	523, 430, 922

U. S. COMMERCIAL COMPANY

Pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, in order to aid the Government in its national defense program, U. S. Commercial Company was created on March 26, 1942. Under Executive Orders 9361, dated July 15, 1943, and 9380, dated September 25, 1943, the U. S. Commercial Company was transferred to the Office of Economic Warfare and thereafter to the Foreign Economic Administration. Executive Order 9630 transferred the U. S. Commercial Company to the Reconstruction Finance Corporation on October 20, 1945. The affairs of the Company are supervised by a board of directors who were appointed by the Board of Directors of the Reconstruction Finance Corporation and includes representatives of the Department of State, the Treasury Department, and the Department of Agriculture.

During the war the Company was authorized, in addition to its original charter powers, (1) to conduct or facilitate and promote commercial trade with liberated areas or areas from which private traders may be barred or in which they may find it impracticable to carry on normal trade; (2) to acquire articles, etc., for export to or sale or distribution in foreign countries in which the Company is engaged in procurement or production programs; (3) to act for the Foreign Economic Administration in carrying out its functions and transactions and to take such other action deemed necessary to facilitate the war effort and strengthen the international economic relations of the United States; (4) to conduct operations necessary or incident to the procurement and development of food, etc., in foreign countries, and (5) to handle or dispose of Government-owned property when authorized, and to carry out such functions as may be delegated to Foreign Economic Administration in connection with surplus war property.

The deficit in the operations of this Company will amount to \$181,000,000 by June 30, 1947, at which time the major portion of its outstanding contracts and commitments will have been completed. It was stated in the budget that it is the aim of the Company to close its various foreign offices as soon as possible. Foreign offices are expensive to maintain and the committee strongly recommends that every effort be made to close all such offices at the earliest practicable date and further that all activity of the Company be completed with dispatch. This Company was a money-losing venture but made important contributions to the war effort and the entire amount of the loss, like that of the Rubber Development Company, should be charged as a part of the cost of war.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 739 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$265,637,105	\$84,000,000
Expenses.....	897,376,467	469,262,326
Retirement of borrowings.....	842,614,100	477,565,283
Total funds applied.....	2,005,627,672	1,030,827,609
FUNDS PROVIDED		
Realization of assets.....	414,555,682	134,008,246
Revenue.....	844,469,045	472,976,000
Borrowings.....	746,602,945	423,843,363
Total funds provided.....	2,005,627,672	1,030,827,609

WAR DAMAGE CORPORATION

War Damage Corporation was created by the Reconstruction Finance Corporation on December 13, 1941, pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended. The name of the Corporation (originally War Insurance Corporation) was changed to War Damage Corporation, pursuant to charter amendment, to conform with the provisions of section 2 of the act approved March 27, 1942. The affairs of the Corporation are supervised by a board of directors appointed by the Board of Directors of the Reconstruction Finance Corporation.

The Corporation was created for the purpose of providing reasonable protection against loss of or damage to tangible property, real or personal, resulting from enemy attack, including any action taken by the military, naval, or air forces of the United States in resisting enemy attack. The Corporation may, under the act, insure property situated in the United States (including the several States and the District of Columbia), the Philippine Islands, the Canal Zone, and the Territories and possessions of the United States. Prior to July 1, 1942, there was no charge made for this insurance protection.

Fortunately this Corporation, which had insurance in force to the amount of \$137,000,000,000, was not called upon to make any substantial payments of losses. It has an earned surplus of something in excess of \$200,000,000, a portion of which will be required in the final adjustments and settlements with fiduciary agents participating in the program. It is expected that all settlements will be made in the near future and that this Corporation can be liquidated.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 729 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$1, 704, 036	0
Expenses.....	10, 702, 517	\$81, 490, 270
Total funds applied.....	12, 406, 553	81, 490, 270
FUNDS PROVIDED		
Net decrease in working capital.....	0	18, 289, 670
Revenue.....	2, 406, 553	2, 200, 600
Issue of capital stock.....	10, 000, 000	61, 000, 000
Total funds provided.....	12, 406, 553	81, 490, 270

The issue of capital stock in both fiscal years was intended to secure the funds necessary to pay claims arising in the Philippine Islands. However, Public Law No. 370, the Philippine Rehabilitation Act, provides for settlement of these claims through other sources and relieves the War Damage Corporation of this expenditure. Therefore the expenses in 1946 will be \$702,517 and in 1947 will be \$20,490,270. All such expenses are related to the final settlement of the affairs of the Corporation.

NATIONAL HOUSING AGENCY

OFFICE OF THE ADMINISTRATOR-EXPEDITER

This Office has two distinct but necessarily related and integrated functions: administration of the National Housing Agency, which is composed of agencies having responsibility for various civilian housing programs which previously were vested in 16 different Government agencies, and the functions of the Housing Expediter who has power to direct positive Government action to meet shelter needs, particularly those of the veteran. The authority and responsibility flow from numerous Federal statutes some of which are permanent, such as the Home Loan Bank Act, and others which are purely temporary, such as the Veterans' Emergency Housing Act, Public Law 388 signed by the President on May 22, 1946. The expenses of the consolidated office of Administrator and Expediter are paid out of appropriations heretofore made. Prior to the enactment of Public Law — it was estimated that \$8,085,000 would be required for 1947 for all expenditures of this Office. This includes \$5,601,000 for 1,379 man-years of personal services. Subsequent to the enactment of Public Law 388 this budget was amended to provide for \$10,800,000 including \$7,515,059 for 1,817 man-years of personal services. The increase of 438 man-years is intended for the central office in Washington.

The committee is fully aware of the monumental task confronting the Administrator-Expediter and desires to make every needed provision for his work. This is a housing program for veterans and the need is so urgent the committee has accepted the estimates of the Administrator-Expediter but the task is new and those in charge of the program are under the necessity of estimating their requirements without a basis of experience for such estimates. The committee desires to impress upon them the necessity of keeping administrative expenses under constant review in order to minimize the cost of the program.

Members of the committee have expressed concern over the plan to expand the Washington office without expanding the regional and field offices which are adjacent to the problems involved and immediately available to those who will have occasion to contact the agency. Whether or not concentration of controls in Washington will serve unduly to complicate procedure and delay action on applications without commensurate advantages is a question which the committee feels the Administrator-Expediter should carefully consider in planning his work and developing his organization.

FEDERAL HOME LOAN BANK ADMINISTRATION

The Federal Home Loan Bank Administration was created by Executive Order 9070 to administer the functions, powers, and duties of: (1) The Federal Home Loan Bank Board, created by the Federal Home Loan Bank Act of 1932, and of its members; (2) the Board of Trustees of the Federal Savings and Loan Insurance Corporation; (3) the Board of Directors of the Home Owners' Loan Corporation; and (4) certain functions, powers, and duties with respect to the

United States Housing Corporation which was established to provide housing in World War I, and which is now fully liquidated.

By Reorganization Plan No. 1 which became effective July 1, 1939, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation were grouped with other agencies in the Federal Loan Agency where they remained until the issuance of Executive Order 9070.

The Federal Home Loan Bank Administration is administered by the Federal Home Loan Bank Commissioner. Under the Commissioner, the operations of the Federal Home Loan Bank System are directed by a governor and those of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation are each directed by a general manager.

FEDERAL HOME LOAN BANK SYSTEM

The Federal Home Loan Bank System is composed of 12 Federal home loan banks, which are mixed-ownership corporations and therefore not required to submit budgets under the Corporation Control Act, and various building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. This system performs substantially the same function in the field of home mortgage credit which the Federal Reserve System performs as a credit reserve for commercial banks and the Federal land banks perform in the field of farm finance. The only item related to this system which is carried in the bill is the limitation on administrative expenses, estimated at \$1,602,000, and reduced by the committee to \$1,400,000.

FEDERAL SAVINGS AND INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was established under title IV of the National Housing Act of June 27, 1934, as a means of restoring and maintaining confidence in the thrift and home-financing institutions of the savings and loan type. Recognizing the importance of available credit for purposes of stimulating recovery from heavy depression and of providing a permanent and reliable source of funds for economical home financing, the Congress provided the safety of insurance up to \$5,000 for each account of investors in approved institutions.

Originally the Corporation was under the direction of a board of trustees whose membership was identical to that of the Federal Home Loan Bank Board. As a result of Reorganization Plan No. 1, which took effect on July 1, 1939, the Corporation was grouped with other organizations under the Federal Loan Agency. On February 24, 1942, the Board was vacated under the terms of Executive Order 9070 and all of its duties and powers were transferred to the Federal Home Loan Bank Administration, which was made one of the three constituent units of the National Housing Agency. In this reorganization the corporate entity remained intact and its functions and purposes continued without change.

The authorized and paid-in capital stock of the Corporation amounts to \$100,000,000 and is held by the Home Owners' Loan Corporation in accordance with an act of Congress. The Home Owners' Loan Corporation is entitled to dividends on this stock at a rate equal to

the interest rate on the bonds received in payment therefor, such dividends to be cumulative. Dividends were paid from June 27, 1934, to June 30, 1935, since which time they have been accumulated at the rate of \$3,000,000 per year. Deferment of dividend payments was for the purpose of accelerating the building of loss reserves with resulting strengthening of the insurance program. Because of the dividend obligation as well as the basic insurance liability of \$4,817,-285,000 on 2,471 insured savings and loan associations as of June 30, 1945, the Corporation does not contemplate the return of any Government capital during 1947.

While the Corporation has authority to borrow money on notes, bonds, and debentures, there are now no such obligations outstanding or in contemplation. In addition to the capital stock, surplus reserves amounted to \$57,000,000 on June 30, 1945, and will reach a total of \$72,700,000 by June 30, 1947.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1117 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$7,500,600	\$9,002,000
Expenses, insurance claims and rehabilitation costs.....	4,712,400	8,436,000
Total funds applied.....	12,213,000	17,438,000
FUNDS PROVIDED		
Realization of assets.....	2,984,460	7,857,460
Revenues.....	9,228,540	9,580,540
Total funds provided.....	12,213,000	17,438,000

¹ Includes \$532,000 for administrative expenses.

The Corporation has purchased \$7,500,000 worth of Government securities in 1946 and will purchase another \$9,000,000 in 1947. Insurance premiums amounted to \$5,500,000 in 1946 and are estimated at \$5,700,000 in 1947, while payment of claims accounted for an expenditure of \$3,418,000 in 1946 and is estimated to cost \$7,-179,000 in 1947.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes, the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the principal function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Corporation.

Through this process the Corporation is and has been proceeding with a rapid and orderly liquidation of its assets. Its objectives are to assist as many borrowers as possible to preserve and ultimately own their homes free and clear of debt and to conclude its operations, if possible, without loss to the Federal Government and the taxpayers.

Originally the Corporation was under the direction of a board of directors, the membership of which was identical to the Federal Home Loan Bank Board. As a result of Reorganization Plan No. 1, which took effect on July 1, 1939, the Corporation was grouped with other organizations under the Federal Loan Agency. On February 24, 1942, under terms of Executive Order 9070, the Board was vacated and all of its duties, powers, and functions were transferred to the Federal Home Loan Bank Administration under the direction of a single commissioner and was made one of the three constituent units of the National Housing Agency. In this reorganization the corporate entity remained intact and its functions and purposes continued without change.

The total amount of the Corporation's authorized capital, \$200,000,000, was subscribed and paid for by the Secretary of the Treasury. The Corporation has authority to issue \$4,750,000,000 in bonds and on June 30, 1945 \$1,026,000,000 of such bonds were outstanding. It is expected that by June 30, 1947 the total bonds outstanding will have been reduced to \$588,000,000.

It was originally anticipated that this Corporation would suffer considerable loss, but it now appears that the actual loss eventually to be taken will be only a fraction of the amount loaned. The total obligations of the Corporation at one time exceeded \$3,400,000,000 and it is now estimated that the deficit as of June 30, 1947 will be \$64,100,000. This is approximately half the book deficit as of June 30, 1944.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1122 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$1, 486, 000	\$1, 370, 000
Expenses.....	14, 911, 000	¹ 12, 151, 000
Retirement of borrowings.....	256, 982, 000	181, 000, 000
Total funds applied.....	273, 379, 000	194, 521, 000
FUNDS PROVIDED		
Realization of assets.....	233, 617, 000	162, 826, 000
Revenue.....	39, 762, 000	31, 695, 000
Total funds provided.....	273, 379, 000	194, 521, 000

¹ Includes administrative expenses estimated at \$5,179,000 and reduced by the committee to \$4,500,000.

The Corporation has had no authority to make new loans for 10 years and exists only for the purpose of servicing those loans still outstanding. This task lessens as the years go by and the committee is of the opinion that it would be desirable for the responsible officials to survey the organization and procedures with a view to bringing the organization and administrative expenses in line with the reduced work load.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established June 27, 1934, under provisions of the National Housing Act, to encourage improvement in housing standards and conditions and to promote a stable mortgage market through a system of mutual mortgage insurance for private mortgage loan institutions. Under this act, title I provides principally for insurance of loans for repair and modernization of existing residential properties. These as a general rule are short-term unsecured character loans. Title II provides insurance for long-term mortgage loans on residential construction. The legal authorization for insurance of mortgages on existing structures expires June 30, 1946, and from that date all insurance under title II will apply to new construction. On March 28, 1941, title VI was added to provide authority for insuring mortgages on privately financed war housing. As of June 30, 1945, the Administration had insured loans and mortgages under all three titles in a face amount of 8,597 million dollars, of which 4,569 million dollars were still outstanding.

Provision has been made in 1947 for the insurance of 850,000 loans for renovation and repair of existing structures under title I, an increase of 375,000 over the estimate for fiscal year 1946. The volume of activity estimated for 1947 under this title is higher than the pre-war level, the accumulated need for long-delayed repairs and improvements being greater than at any previous time. Defaulted title I notes have been paid off in recent years at a favorable rate and the volume of new defaults is not large; however, the number and value of defaulted notes held for collection are expected to increase slightly based upon the increased volume. Premium receipts and cash recoveries under this title are expected again to exceed the amount of claims paid plus administrative expenses.

A request for authorization to transfer \$3,000,000 from the title I revolving fund for the purpose of payment of losses has been approved by the committee.

The estimate for administrative expenses, \$17,624,000 is practically a 50 percent increase over 1946, but is one of the few items for such expenses which the committee has approved in full. The estimate was prepared prior to the enactment of the Veterans' Housing Act, Public Law 388, and it is contemplated that any activity resulting from the operations of such act will be absorbed within the amount proposed. If the housing construction program moves as rapidly as it must, if housing needs are to be met, and if the expectations of Congress in enacting housing legislation are to be realized, the full amount undoubtedly will be required.

FEDERAL PUBLIC HOUSING AUTHORITY

The Federal Public Housing Authority is one of the three constituent units of the National Housing Agency provided for by Executive Order 9070, issued February 24, 1942, under authority contained in title I of the First War Powers Act, 1941. Under the Executive order, the functions of a number of agencies concerned with defense and low-rent housing were consolidated into the Federal Public Housing Authority, with responsibility for the development and management of housing built with public funds.

The agencies and activities included in the consolidation were—

The United States Housing Authority.

The division of defense housing of the Federal Works Agency.

The division of mutual ownership of the Federal Works Agency.

The defense housing program of the Public Buildings Administration.

The housing of the War and Navy Departments (except projects on military and naval reservations).

The nonfarm housing of the Farm Security Administration.

The Defense Homes Corporation.

The functions of the Authority are divided into six programs, which are presented separately.

PUBLIC WAR HOUSING PROGRAM

Early in the war the Congress authorized provision of housing for defense workers in several different laws. Many of these programs were authorized in connection with munitions and other war production construction items and had their origin under several different agencies of the Government. By Executive Order 9070, 1942, all these housing functions were transferred for administration to the Federal Public Housing Authority in the National Housing Agency and there they have since continued; \$1,644,000,000 was expended from the various appropriations for these purposes and the income from the rentals has been used to pay expenses of project operation and maintenance.

Public war housing program—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1236 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$67, 126, 182	\$75, 852, 173
Expenses.....	53, 591, 326	65, 714, 806
Payment of general fund receipts to U. S. Treasury.....	50, 000, 000	55, 365, 421
Total funds applied.....	170, 717, 508	196, 932, 400
FUNDS PROVIDED		
Realization of assets.....	97, 934, 408	133, 464, 000
Revenues.....	72, 783, 100	63, 468, 400
Total funds provided.....	170, 717, 508	196, 932, 400

Project revenues in the gross amount of \$63,468,000 are offset to the extent of \$29,027,000, operating expenses on such projects. The Federal Public Housing Authority probably has as difficult a job before it as any agency of the Government in liquidating wartime activities. Housing of various types was built wherever needed during the war, oftentimes without regard—or even without considering—the possible permanent utilization of such housing. The Authority is now in the throes of a redistribution of all temporary housing and the realignment of its entire program to meet insofar as possible the postwar housing shortage. At the conclusion of the present emergent period there will then remain the task of final liquidation and disposition of all wartime projects whether permanent or temporary.

HOMES CONVERSION PROGRAM

The homes conversion program was originated in calendar year 1942, under the provisions of the Lanham Act, and initiated by the Home Owners' Loan Corporation.

Development activities were largely completed prior to the transfer of this program to the Federal Public Housing Authority. Management responsibility was so transferred on August 1, 1944, and concluding development responsibility on July 1, 1945.

The purpose of the program was to provide urgently needed additional housing for war workers by remodeling existing structures, such as large single-family residences, warehouses, factory buildings, and similar structures, into multiple-unit family dwellings, with a minimum expenditure of critical war materials and manpower.

The program was financed in the development stage entirely from war-housing appropriations, at a cost of approximately \$90,000,000. Since physical development activities have been completed, there will be no further use of war-housing appropriations except to settle existing obligations. Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total reserve of \$25,000,000 so authorized, \$5,000,000 has been apportioned to this program. Operating income is adequate to meet all operating expenses and to return to the Treasury a substantial portion of the Government's initial outlay.

Homes conversion program—condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1240 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$7,612,759	\$1,513,500
Expenses.....	18,271,800	14,964,300
Payment of general fund receipts to U. S. Treasury.....	0	7,233,817
Total funds applied.....	25,884,559	23,711,617
FUNDS PROVIDED		
Realization of assets.....	2,171,759	4,280,317
Revenue.....	23,712,800	19,431,300
Total funds provided.....	25,884,559	23,711,617

At the beginning of the fiscal year 1946 there were 49,485 housing units under management and this figure will probably be reduced to 34,580 at the end of fiscal year 1947.

It is the policy of the Federal Public Housing Authority to negotiate cancellations of leases on properties no longer needed to house veterans or war workers, when—

(1) the property cannot be made to produce a net profit before charges for amortization of capitalized cost; or

(2) the owner desires to obtain cancellation and is willing to purchase the unexpired lease term at a price satisfactory to the Government.

Wherever cancellations are negotiated, a stipulation is made which requires continued occupancy preference for veterans.

The proceeds from lease cancellations have averaged approximately 33 percent of the original contract cost. It is estimated that by the end of 1947 the gross cost of this program will be in excess of \$36,000,000.

VETERANS' HOUSING PROGRAM

The acute housing shortage, which became a grave national emergency with the return of millions of men from the armed forces, is creating severe hardship for veterans and their families unable to obtain shelter. It is also causing distress to families of servicemen, and to veterans unable to secure the educational benefits provided by law because of the lack of housing at schools and colleges. The Congress therefore added title V to the Lanham Act on June 23, 1945, and amended that title December 31, 1945. An additional authorization to provide temporary housing for veterans was granted in Public Law 336, approved March 28, 1946. Under the authority contained in title V, the Federal Public Housing Authority is providing temporary housing for veterans and servicemen to local governments, educational institutions, local public agencies, and nonprofit organizations. This is accomplished by relocation or conversion of existing federally owned structures, including Federal Public Housing Authority temporary war housing and surplus facilities, such as barracks and quonset huts obtained from other Federal agencies without reimbursement. Re-use makes temporary housing available quickly and at a minimum cost, and conserves new building materials for permanent residential construction. Reimbursement is made under title V to local bodies that had incurred relocation expenses in providing temporary housing for veterans' re-use prior to the act of December 31, 1945.

To carry out the purpose of title V, the Congress appropriated \$191,900,000 on December 28, 1945, to the Administrator of the National Housing Agency. Of this appropriation, \$188,900,000 has been transferred to Federal Public Housing Authority to provide approximately 100,000 dwelling units for veterans. An additional 100,000 units was provided by a further appropriation of \$253,727,000, authorized by Public Law 336. Of the latter amount, \$243,815,000 has been transferred to the Federal Public Housing Authority making a total of \$432,715,000 available in order to provide approximately 200,000 temporary dwelling units.

The following table indicates the amounts which will be obligated and expended from the foregoing appropriations during 1946 and 1947:

	Obligations		Expenditures		Total, fiscal years 1946 and 1947
	Fiscal year 1946	Fiscal year 1947	Fiscal year 1946	Fiscal year 1947	
Direct reutilization costs.....	\$313,894,000	\$106,327,452	\$97,049,400	\$323,172,052	\$420,221,452
Field supervision and inspection.....	6,406,000	2,169,948	6,050,000	2,525,948	8,575,948
Administrative expenses.....	1,717,700	2,199,900	1,622,000	2,295,600	3,917,600
Total.....	322,017,700	110,697,300	104,721,400	327,993,600	432,715,000

These funds and the structures and facilities available for conversion to temporary housing as contemplated by the program will provide less than half of the now known demands for temporary

shelter which are coming from communities, colleges, etc. Prior to appropriation of funds, various local bodies had already undertaken removal and reuse of 15,000 housing units at their own expense. The law authorized reimbursement for these expenses and approximately \$10,000,000 of the expenditures in 1946 will be for this purpose. The program was originally scheduled to have 100,000 units ready for occupancy by July 1 and the remainder ready for occupancy by January 1, 1947. It is now estimated that the actual accomplishments will fail to meet these dead lines by about 60 days. The following three factors stated in the order of their importance served to delay the program:

- (1) Lack of available sites.
- (2) Shortage of labor.
- (3) Shortage of material.

Under the act the Federal Government does not provide the sites, and the local communities where housing is to be located are required as part of their share of the cooperative program to furnish sites without cost to the Federal Government. At the outset considerable delay was experienced in the negotiations with local bodies for sites, but this problem seems now to have been met and no further delay on this account is anticipated. The shortages of labor and material still are important.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1244 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	¹ \$328, 314, 359	\$10, 815, 857
Reconversion of housing costs.....	104, 817, 100	327, 897, 900
Expenses.....	616, 741	3, 051, 343
Total funds applied.....	433, 748, 200	341, 765, 100
FUNDS PROVIDED		
Realization of assets.....	0	¹ 327, 897, 900
Revenue.....	1, 033, 200	13, 867, 200
Appropriations ²	² 432, 715, 000	0
Total funds provided.....	433, 748, 200	341, 765, 100

¹ Includes \$327,897,900 in unexpended appropriations for 1946 carried forward to be expended in 1947.

² Appropriations amounted to \$445,672,000, however, \$12,912,000 was allocated for administration, Federal Public Housing Authority.

All projects are to be managed by participating local bodies and a project management plan covering tenant eligibility, rentals, allowable charges to expenses, and methods for determining net operating income are incorporated in the contract. The local management body pays the net proceeds from operations to the Federal Public Housing Authority, and there is no other provision for repayment to the Federal Government of the program cost. As will be noted in the foregoing table, revenues in 1946 are negligible inasmuch as relatively few units will be occupied during such fiscal year, and revenues for 1947 still will be comparatively low as most of the units will be occupied for only a part of the year. The amount which eventually will be recovered will depend to a large degree on how long housing of this type is needed as well as the length of time the makeshift structures provided are suitable for use as dwellings.

DEFENSE HOMES CORPORATION

The Defense Homes Corporation was incorporated under the laws of the State of Maryland on October 23, 1940, by direction of the President. Executive Order 9070 transferred the Corporation and its capital stock to the National Housing Agency to be administered by the Federal Public Housing Authority. The purpose of this organization was to provide housing accommodations of a permanent nature in defense areas for use by defense workers during the emergency, such housing to be disposed of subsequent to the emergency at prevailing market prices.

The Corporation has an authorized capital stock of \$10,000,000, all of which was issued and remains outstanding. Allocations to the Federal Loan Administrator from the emergency fund for the President were originally used to purchase the capital stock, but these funds were subsequently reimbursed from Lanham Act appropriations authorized to be used for that purpose. The Corporation was authorized to borrow not to exceed \$65,750,000 from the Reconstruction Finance Corporation. Such borrowings are to be repaid from the net income from operation of the properties after provision of adequate reserves for depreciation, vacancy losses, and the payment of all expenses, and from proceeds of disposition.

Present plans contemplate the disposition of 4,487 housing units in fiscal year 1946, and 5,273 units in fiscal year 1947, which, if achieved, will result in the complete liquidation of the properties by June 1947. Indications are that the sale prices will result in a profit on all properties with the exception of two. It is believed that these two properties can be sold at a price that will result in the Corporation being able to liquidate without loss to the Government. Funds provided by the disposition of properties are estimated as follows:

	Fiscal year 1946	Fiscal year 1947
Real property at cost less depreciation (exhibit A) ¹	\$17,863,000	\$46,912,879
Add: Profit on sales of properties	2,400,000
Less: Loss on sales of properties	4,466,433
Funds provided by disposition	20,263,000	42,446,446

Defense Homes Corporation—Condensed statement of salaries and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 246 of the hearings]

	1946 Estimated	1947 Estimated
FUNDS APPLIED		
Acquisition of assets.....	\$598,000	\$8,129,595
Expenses and cost of sales.....	5,226,391	12,680,900
Retirement of borrowing.....	21,829,000	35,093,360
Total funds applied	27,653,391	45,903,855
FUNDS PROVIDED		
Realization of assets.....	20,299,000	42,483,446
Revenue.....	6,996,391	3,420,409
Borrowing.....	358,000
Total funds provided	27,653,391	45,903,855

¹ Includes administrative expenses, estimated at \$98,400, and reduced by the committee to \$75,000.

As of June 30, 1947, it is estimated that the assets of the Corporation will total \$10,000,000 of which \$9,154,122 will be cash on deposit with the Treasurer of the United States and \$845,878 will be loans receivable which it is expected eventually will be collected in full. This program should result in no loss to the Government.

CORPORATE PROGRAM

The United States Housing Authority, which was transferred to the Federal Public Housing Authority under Executive Order 9070, was created on September 1, 1937, by Public Law 412, to provide low-rent housing for families of low income who could not otherwise afford decent, safe, and sanitary dwellings. This basic act, known as the United States Housing Act of 1937, authorized the Authority to make loans to local public housing agencies for the purpose of financing the development of slum-clearance and low-rent-housing projects. The Authority also was authorized to execute contracts for the payment of annual contributions (subsidies) for 60 years.

An important amendment was added by Public Law 671, approved June 28, 1940. This amendment made the unused portion of the borrowing authorization under the United States Housing Act of 1937 available to construct permanent housing to be used for the duration primarily for housing war workers. In accordance with this purpose, the projects initiated under Public Law 671 have been occupied chiefly by war workers who pay rents sufficient to meet all capital and operating costs. The projects are required by the act to be converted to low-rent use on a Presidential finding that the war need has ended. This conversion to so-called low-rent use, however, would necessitate appropriation and payment of annual contributions or rent subsidies.

Public Law 412 also authorized the President to transfer to the Authority the public housing projects and functions of the Public Works Administration Housing Division, and this was done in October 1937, by Executive Order 7732. Unlike the United States Housing Authority projects, which were constructed through local authorities by use of loan and annual contribution contracts, the Public Works Administration projects were built by the Federal Government with appropriated funds. Public Works Administration mortgage loans to private limited dividend housing corporations were transferred under the same order.

The Authority was created as a "body corporate of perpetual duration," with \$1,000,000 in capital stock subscribed by the Treasury. The basic act as amended provides a borrowing and a lending power amounting to \$800,000,000. Funds borrowed under Public Law 412 were to be used for loans to local housing agencies covering not more than 90 percent of the development cost of individual housing projects. The Public Law 671 war amendment permitted loans to cover 100 percent of development cost, or direct construction by the Federal Government. By June 30, 1945, the Authority had borrowed \$398,000,000, of which \$15,000,000 had been repaid, leaving \$383,000,000 outstanding. Long-term loans of \$346,893,000 had been made to local housing agencies, of which \$64,031,000 had been repaid by refunding operations. Another \$5,197,944 was outstanding on short-term advance loan notes. Thus, the outstanding balance of loans receivable from local housing authorities, as of June 30, 1945, amounted

to \$288,059,944. Thirty-two million four hundred and sixty thousand two hundred and twenty-six dollars had been used for direct Federal Public Housing Authority construction of war housing projects under Public Law 671. From private sources local authorities had obtained \$371,033,000. This amount is made up of \$226,769,000 in temporary loan notes, secured by a Federal Public Housing Authority pledge to redeem them at maturity, if necessary, and \$144,264,000 in bonds. The total paid-in capital of \$185,154,529 as of June 30, 1945, consists of \$1,000,000 in capital stock, funds, and property amounting to \$140,746,283 transferred from the Public Works Administration Housing Division, and cumulative appropriations for the payment of annual contributions on low-rent projects of \$43,408,246. The maximum amount of annual contributions which may be contracted for by the Federal Public Housing Authority may not exceed \$28,000,000.

In addition to the locally owned projects the Federal Government will own, in 1947, 104 projects under this program. Of this number 50 are the carry-over projects from Public Works Administration, 22 are projects constructed by the Federal Government under Public Law 671, and 32 are projects in the State of Ohio constructed under Public Law 412, to which it was necessary for the Federal Government to take title after a decision of the Ohio courts denying tax exemption and thereby preventing the local contributions required under the act. Disposition of the Ohio projects probably will depend upon further legislation, either Federal or State. In the meantime they are being rented at economic rents and no subsidies are being paid.

The 22 federally owned projects constructed under Public Law 671, if the plans and policies of the Housing Agency are followed, will be converted eventually to low-rent status. However, this would necessitate the execution of contracts for payment of rent subsidies, for a period of 60 years by the Federal Government, but this cannot now be done because the present law places a limitation of \$28,000,000 on the amount of annual subsidies which may be contracted. It will not be possible to convert these projects to low-rent status until such time as there is further contractual authority provided by Congress. In the meantime the projects will be operated by the Federal Government and rental rates are fixed to produce income sufficient to pay operating and maintenance expenses.

Corporate program—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1253 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$24, 547, 926	\$75, 032, 240
Expenses and contributions.....	15, 588, 825	24, 294, 277
Retirement of borrowings.....	0	20, 000, 000
Total funds applied.....	40, 136, 751	119, 326, 517
FUNDS PROVIDED		
Realization of assets.....	19, 197, 253	94, 663, 892
Revenue.....	13, 339, 498	12, 062, 625
Appropriations (contributions).....	7, 600, 000	12, 600, 000
Total funds provided.....	40, 136, 751	119, 326, 517

¹ Reduced by committee to \$8,300,000.

Of the projects constructed under Public Law 671, 107 are owned by local authorities under a contract with the Federal Government, which stipulates that, upon a finding by the President that the war need has ended, they shall be converted to low-rent projects and at which time the first annual contribution would be payable. This finding has been made with respect to all but 16 of such projects.

The committee has declined to appropriate the amount, \$4,300,000, to be used for the payment of subsidy on these projects. In doing so the committee has taken notice of the high level of national employment and income and of the low rentals at which approximately the 42,000 apartments are now rented as compared with the rents prevailing throughout the country. In this connection it should be pointed out that the apartments, having from one to four bedrooms each, rent at an average of \$33 per month, which includes heat and all utilities. The committee believes that these projects are already comparatively low-rental projects. The committee believes that as vacancies occur during the ensuing year in these projects, low-income families can be admitted as tenants at economic rents and that the rents which they will pay in most instances will be considerably lower than such families are now paying for less desirable quarters elsewhere. The Federal Public Housing Authority is directed to undertake to fill all vacancies occurring in these projects with families of as low income as is consistent with the law and the payment of the present project rentals.

In view of the high level of national income and employment, which is reflected in average family income, the committee has recommended the appropriation of \$8,300,000 for rent subsidies on projects now being operated as so-called low-rent projects with considerable misgiving, and has done so because of the necessity of meeting obligations of contracts which have been entered into pursuant to an act of Congress and which have already become operative. However, during the coming year the committee will have its investigating staff carefully examine the budgetary requirements of the local housing authorities, the financial status of tenants, and in general make a thorough check of the need for payment of rent subsidies with a view to keeping at a minimum the amount of Federal expenditures.

The Federal Public Housing Authority officials are also directed to give the closest possible scrutiny and personal attention to the operating budgets of the local authorities and to the necessity of paying rent subsidies for occupants of the projects.

FARM SECURITY ADMINISTRATION PROGRAM

Executive Order 9070 of February 24, 1942, transferred to the National Housing Agency (Federal Public Housing Authority) "all functions, powers and duties of the Farm Security Administration relating to such housing projects as the Administration determines are for families not deriving their principal income from operating or working on a farm." The Farm Security Administration projects were developed out of funds appropriated by section 208 of the National Industrial Recovery Act of 1933, and the Emergency Relief Appropriation Act of 1935. The original purpose of these projects was threefold, (1) to rehabilitate families in distress by providing them with a homestead on which they could supplement income received by seasonal industrial work, (2) to demonstrate a method of

redistributing what was considered an overbalance of population in industrial centers by constructing small suburban communities insulated from encroachment by a greenbelt of farms and forests, and (3) to provide work relief and to increase employment by providing useful projects.

Thirty-one subsistence homesteads, three greentowns (Greenbelt, Greenhill, and Greendale), and eight undeveloped projects were transferred to the Federal Public Housing Authority under Executive Order 9070. In addition a number of loans to cooperative business enterprises connected with these projects, were transferred from the Farm Security Administration. The eight undeveloped projects were immediately declared surplus and turned over to Public Buildings Administration for disposal. The interest of the Federal Public Housing Authority in 16 of the subsistence homestead projects sold to tenant associations prior to the transfer of these projects pursuant to Executive Order 9070 is represented by mortgage holdings. As of July 1, 1945, 14 homestead projects and 3 greentowns were under direct operation by the Federal Public Housing Authority, 1 project having been declared surplus by the Federal Public Housing Authority during fiscal year 1945.

Development of this program was financed from appropriated funds, and assets representing \$65,906,689 of such funds were transferred to the FPHA. Administration of these projects is carried on under the terms of the Bankhead-Black Act of 1936, which provides that operating income may be used for operation and maintenance. These funds have also been used to cover disposition expenses, in accordance with annual acts appropriating these operating revenues under the title "Liquidation and management of resettlement projects."

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 1256 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Expenses.....	\$1,536,113	\$1,277,327
Payment of funds to U. S. Treasury.....	2,387,346	2,053,900
Total funds applied.....	3,923,459	3,331,227
FUNDS PROVIDED		
Realization of assets.....	1,971,213	1,734,476
Revenue.....	1,952,246	1,596,751
Total funds provided.....	3,923,459	3,331,227

The Federal Public Housing Authority is now in the process of disposing of all units taken over from the Farm Security Administration and a schedule of dispositions appears on page 1382 of the hearings. All properties except the "greentowns" probably will have been sold by January 1, 1948, and it is expected that the "greentowns" can be disposed of by June 30, 1948. So by that time the Government should be free of ownership of any real property in these projects. Some mortgages will be taken in the sale of projects, and it will be necessary to service these mortgages for some years, but the time required to look after them will be so small that the task can be absorbed either

by some unit of the Housing Agency or some other agency of the Government without additional expense for administration.

Subsequent to the presentation of the budget, it was determined that it would be necessary to expend \$99,500 of the receipts derived from operation of the projects for purposes incident to disposition of the three suburban projects known as Greenbelt, Greendale, and Greenhills. It will be necessary to make surveys, to plat areas to be sold, to lay out and dedicate streets and other public ways, and, in some instances, to rearrange, extend, and dispose of existing streets and facilities. In a supplement to the budget (House Document No. 584) a request was made for authority to use not to exceed \$99,500 of receipts from operation of the projects for these purposes. The committee is of the opinion that the work proposed is necessary to disposition of the properties on terms most advantageous to the Government and has therefore included the proposed authority in the bill.

ADMINISTRATIVE EXPENSES

A single administrative expense budget is presented for all of the units under the Federal Public Housing Authority. For 1947 it was proposed that \$19,845,400 be expended from the various funds available to the Authority for this purpose as compared with \$17,229,400 for like services in 1946. Included in this amount were funds for an increase of 570 man-years of personal services in addition to 3,812 in 1946. Before the end of fiscal year 1947 the burdens of this Authority will have been greatly reduced by completion of the veterans temporary housing program and other activities will have reached a stabilized basis so it should therefore be possible materially to reduce administrative expenses before the end of the year. The committee has therefore placed a limitation of \$18,000,000 on the amount to be expended for administration.

DEPARTMENT OF AGRICULTURE

COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation was created under the laws of the State of Delaware pursuant to Executive Order 6340, dated October 16, 1933, issued by virtue of the authority vested in the President by section 2 (a) of the National Industrial Recovery Act of June 16, 1933. The act of January 31, 1935, directed that the Corporation should "continue until April 1, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States." The Corporation has been continued until June 30, 1947, as an agency of the United States by successive amendments to the act of January 31, 1935. By section 201 of the President's Reorganization Plan No. 1 the Corporation was made a part of the United States Department of Agriculture, and its operations were placed under the supervision and control of the Secretary of Agriculture.

The charter of the Commodity Credit Corporation authorizes the Corporation, among other things, to engage in buying, selling, lending, and other activities with respect to agricultural commodities, products thereof, and related facilities.

These charter powers have enabled the Corporation to engage in extensive operations for the purpose of increasing production, stabilizing prices, assuring adequate supplies, and facilitating the efficient distribution of agricultural commodities, foods, feeds, and fibers to meet the needs of the war emergency. These operations of the Corporation group themselves into the following major types of programs: A price-support program; a foreign-purchase program; a subsidy program; a supply program; a commodity export program; and a loan program for agricultural conservation purposes. Many of the Corporation's operations, in addition to those provided for in the charter, have been carried out in response to specific congressional mandates.

The law requires an appraisal of the assets of the Corporation at the end of each fiscal year and authorizes appropriations to meet the impairment of the capital or the surplus covered into the Treasury as the case may be.

The Commodity Credit Corporation was originally capitalized for \$3,000,000, subscribed by the Secretary of Agriculture and the Governor of the Farm Credit Administration. The funds for such subscription were derived from the appropriation authorized by section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933. In accordance with the act of April 10, 1936, the Corporation's capitalization was increased to \$100,000,000, the additional \$97,000,000 of the Corporation's stock being acquired by the Reconstruction Finance Corporation. By section 3 of the act of March 8, 1938, the Secretary of Agriculture, the Governor of the Farm Credit Administration, and the Reconstruction Finance Corporation were directed to transfer the ownership of the stock of the Corporation to the United States. That section also provided that all rights of the United States arising out of the ownership of such stock should be exercised by the President of the United States or by such officers or agencies as he might designate. Executive Order No. 8219, issued August 7, 1939, transferred to the Secretary of Agriculture the authority to exercise on behalf of the United States all rights arising out of the ownership of the stock of the Commodity Credit Corporation.

The act of March 8, 1938, authorized the Corporation, with the approval of the Secretary of the Treasury, to issue and have outstanding bonds, notes, debentures, and similar obligations in an aggregate amount not to exceed \$500,000,000, fully guaranteed as to principal and interest by the United States Government. The borrowing power of the Corporation was increased by successive amendments to the act of March 8, 1938, and now, by virtue of the act of April 12, 1945, the Corporation is authorized to borrow \$4,750,000,000 on the credit of the United States. On June 30, 1945, obligations outstanding amounted to \$2,224,141,879.

From 1938 to and including 1944, capital impairments appropriated total \$472,287,649, and surpluses covered into the Treasury for 2 years total \$71,572,244, so the net cost to the Treasury in those years is \$400,715,405. During those years, 1938 to 1944, the appraisal was made on March 31 but the law has now been changed to require the appraisal on June 30 of each year. The appraisal on June 30, 1945, covering a 15-month period, indicates a capital impairment of \$921,456,561.10 for which an estimate is included in the Budget. If this money were appropriated the Commodity Credit Corporation would

immediately pay the entire amount to the Treasurer of the United States on its indebtedness to the Treasury and the Treasury would in turn cancel that amount of the indebtedness of the Commodity Credit Corporation. In lieu of an appropriation the committee has included in the bill a provision directing the Secretary of the Treasury to discharge \$921,456,561.10 of the indebtedness of the Corporation to the Treasury by canceling notes of the Corporation in such amount. The result, so far as Commodity Credit Corporation and the Treasury are concerned, will be the same as though an appropriation had been made.

It is expected that the capital impairment on June 30, 1946, will amount to approximately \$890,000,000 and on June 30, 1947, to \$966,000,000, although this latter figure is contingent upon the subsidy program the extent of which is not yet known, to be undertaken in 1947. The subsidy program accounted for a loss of \$739,000,000 in the fiscal year 1945, and is almost solely responsible for the capital impairment for the 15-month period ended June 30, 1945. The loss to the Corporation on account of subsidy payments in 1946 is estimated at \$819,000,000. The benefits of this subsidy program inure almost entirely to consumers in that such payments permit the maintenance of price ceilings at a level lower than would have been the case had no subsidy been paid. The price-support program resulted in a loss of \$26,000,000 in 1945 and is expected to lose approximately \$29,000,000 in 1946. This program is of direct benefit to the producers.

For some years the Agriculture Appropriation Act, which included provision annually for administrative expenses of the Corporation, carried certain limitations with respect to sales by the Commodity Credit Corporation of commodities at less than parity prices. The purpose of these restrictions was to prevent the sale of commodities at prices which might depress the markets and thereby occasion a result directly opposed to the purposes for which the Corporation was established—maintenance of prices of agricultural commodities at levels which will insure as nearly as possible a fair return to the producers. The budget, as presented to the Congress, proposed the elimination of these restrictions but the committee has restored them to the bill as a necessary safeguard.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 382 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$196,819,973	\$692,365,000
Expenses, subsidies, and cost of goods sold.....	3,621,156,739	2,383,532,100
Retirement of borrowings.....	4,179,141,879	3,300,000,000
Total funds applied.....	7,997,118,591	6,375,897,100
FUNDS PROVIDED		
Realization of assets.....	¹ 1,139,361,344	¹ 857,437,439
Revenues.....	2,732,757,247	1,427,003,100
Borrowings.....	3,625,000,000	3,170,000,000
Appropriations.....	500,000,000	
Cancellation of notes.....		921,456,561
Total funds provided.....	7,997,118,591	6,375,897,100

¹ Includes net decrease in working capital.

The committee has reduced the administrative expense item included under "Expenses, subsidies, and cost of goods sold," from \$8,760,000 to \$8,000,000, and has eliminated the authority for the purchase of 10 automobiles intended for use in warehouse-inspection activities. The Committee on Appropriations recommended, and the House has approved, the consolidation of all warehouse-inspection services of the Department of Agriculture under one head and the expenses of this activity are provided in the Department of Agriculture appropriation bill.

The estimates included in the foregoing table for program activities are based on the best information now available as to needs for the ensuing year but there are many indeterminable factors which may have considerable bearing on the operations of the corporation during the year and it is not possible to forecast accurately what the requirements will be. Actual experience as the fiscal year advances and crop and market conditions develop, and final determination of policy with respect to subsidies, may necessitate marked variation from the current estimates.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation was created February 16, 1938, by the Federal Crop Insurance Act for the purpose of insuring producers of wheat against loss in yields not to exceed 75 percent of the farm average yield, due to unavoidable causes, including weather and other hazards. On June 21, 1941, the act was amended to include insurance of cotton commencing with the cotton crop planted for harvest in 1942. A proviso in the Department of Agriculture Appropriation Acts of 1944 and 1945 directed that these programs be discontinued effective after the 1943 crop year except for liquidation of existing contracts.

The act of December 23, 1944, repealed the foregoing provisos and authorized the insurance of producers of wheat, cotton, and flax against loss in yields, not to exceed 75 percent of the farm average yield, commencing with crops planted for harvest in 1945.

In addition, the act as thus amended authorized the Corporation to undertake trial programs with respect to insurance of any other agricultural commodities for which sufficient actuarial data are available. These programs were limited by law to corn and tobacco in 1945 and to not more than three additional crops each year thereafter. Each such program is limited to not more than 20 representative counties for each crop and to a period of not more than 3 years. It also provided that such insurance may cover a percentage not in excess of 75 percent of the investment in the crop. Otherwise, these programs are subject to the same limitations and conditions as are imposed by the act upon wheat, cotton, and flax insurance.

The act provides that the Corporation shall have a capital stock of \$100,000,000 to be subscribed by the United States and of this amount \$70,000,000 has been subscribed. It is not contemplated that additions to this capital stock will be required in 1947. The act also authorizes annual appropriations to cover the administrative and operating expenses of the Corporation.

A workable sound insurance program of the type contemplated would be the greatest assistance that might be rendered to agriculture

if the cost of insurance could be held within reasonable limits, but the experience of the Corporation to date has been of such nature as to leave serious doubt of the practicability of an all-risk crop-insurance program. Losses have been disappointing and the majority of the members of the Subcommittee on Government Corporations, which conducted the hearings, are doubtful whether it will ever succeed. Particularly do they regret to learn that it is necessary to pay commissions to agents in order to sell the farmers on it.

The committee desires to give the Corporation every opportunity to develop a successful insurance program but does take the view that inasmuch as the initial planning and program introduction are now completed, administrative expenses should be reduced. The amount proposed in the bill for administrative expenses, \$6,800,000, is a reduction of \$1,080,000 below the Budget estimate and \$1,104,000 below the amount appropriated for 1946, but, inasmuch as the program is now well under way, should prove ample for all purposes.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 561 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$26,000,340	\$3,244,160
Administrative expenses.....	7,984,900	¹ 7,880,000
Indemnities and cost of commodities sold.....	17,255,655	59,139,877
Total funds applied.....	51,240,895	70,264,037
FUNDS PROVIDED		
Realization of assets.....	3,702,275	29,942,437
Revenues.....	9,553,720	32,441,600
Appropriations.....	7,984,900	¹ 7,880,000
Capital subscriptions.....	30,000,000	0
Total funds provided.....	51,240,895	70,264,037

¹ Reduced by the committee to \$6,800,000.

The revenues from premiums paid in 1946 were \$9,553,720 and the losses totaled \$13,823,950. Anticipated increased participation in 1947—the 1946 crop year—will produce revenues of \$32,441,600 and losses are expected to be \$29,197,440. The amount estimated for revenues is fairly accurate as policies are now practically all written but the estimate of losses is purely conjectural. The cumulative deficit of the corporation at the end of fiscal year 1946 will be \$41,700,000 but this figure does not take into account expenditures for administrative and operating expenses which have been paid out of appropriations.

FEDERAL SURPLUS COMMODITIES CORPORATION

The Federal Surplus Commodities Corporation was first organized as the Federal Surplus Relief Corporation under the powers granted to the President by the National Industrial Recovery Act. It was granted a charter by the State of Delaware on October 3, 1933, as a nonprofit membership corporation with no capital stock. When the charter was granted, it had as its members persons who, from time to

time, might occupy the offices of the Secretary of Agriculture of the United States, Federal Emergency Administrator of Public Works, and Federal Emergency Relief Administrator. The Corporation acted in close cooperation with the Federal Emergency Relief Administration in the purchase of foods and other relief supplies for distribution to needy families through State relief organizations. As the Corporation came to deal more and more in agricultural commodities and products thereof and to conduct its program in closer association with programs of the Department of Agriculture, the charter was amended November 16, 1935, changing the name of the Corporation to the Federal Surplus Commodities Corporation and changing its members, with the exception of the Secretary of Agriculture, to such persons who, from time to time, might occupy the offices of Administrator of the Agricultural Adjustment Administration and the Governor of the Farm Credit Corporation.

This Corporation ceased to function as an agency of the United States on July 1, 1945, and has been in a state of liquidation since that time. No activity is proposed for 1947 and the only expenditure will be \$40,000 for administrative cost of the liquidation and dissolution.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 544 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Expenses.....	\$32, 454	\$40, 000
Payment of dividends.....	0	2, 632, 519
Total funds applied.....	32, 454	2, 672, 519
FUNDS PROVIDED		
Net decrease in working capital.....	2, 571	2, 672, 519
Revenues.....	29, 883	0
Total funds provided.....	32, 454	2, 672, 519

FEDERAL FARM MORTGAGE CORPORATION

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created on January 31, 1934, and began

operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The main purpose of the Corporation was to provide funds for loans to farmers by the Federal land banks and by the Land Bank Commissioner. To accomplish this, the Corporation is authorized to issue and have outstanding at any one time \$2,000,000,000 of bonds fully and unconditionally guaranteed both as to principal and interest by the United States.

The authority to make loans to farmers expires on June 30, 1946, except as to such loans as may be required in refinancing existing obligations to the Corporation. The Budget, therefore, contemplates no loans other than such refinancing loans during that fiscal year. The committee believes that a strong system of Federal farm credit should be maintained in a healthy condition and that all needed credit should be available to the farmers but at the same time it is of the opinion that Federal agencies should avoid aggressively trying to persuade farmers to borrow money.

The committee feels that to provide too easy credit to farmers and cause farmers to borrow money they can get by without is no favor to the farmer—but as was shown in the period 1925–34 when farmers lost their lands for money borrowed at a time when they were enjoying the greatest prosperity, too easy credit can result in ruin to the farmers of the Nation.

Statistics given by the Governor of the Farm Credit Administration in the hearings indicate a very healthy condition so far as the relationship of debt to value of farm property in the Nation as a whole is concerned. The lending powers of the Farm Credit Administration have had a stabilizing influence on the economy of agriculture in years past and the wise use of such powers in the difficult days ahead will result indubitably in a more stable financial basis for the Nation's largest economic group. The committee has every confidence that such a course will be pursued.

*Condensed statement of sources and application of funds for the fiscal years
1946 and 1947*

[Detailed statement is on p. 218 of the hearings].

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$14, 405, 676	\$30, 926, 012
Expenses.....	7, 469, 275	14, 094, 375
Retirement of borrowings and capital.....	385, 129, 700	43, 000, 000
Total funds applied.....	407, 004, 651	78, 020, 387
FUNDS PROVIDED		
Realization of assets.....	172, 038, 278	71, 102, 470
Revenues.....	12, 666, 373	6, 917, 917
Borrowings.....	222, 300, 000	0
Total funds provided.....	407, 004, 651	78, 020, 387

¹ Includes administrative expenses, estimated at \$4,000,000 and reduced by the committee to \$3,750,000.

The budget contemplates no loans to farmers during 1947, except such loans as may be necessary in refinancing existing obligations. If legislation, which is now pending, authorizing additional loans after June 30, 1946, is enacted, the Corporation will have the necessary

authority to make such expenditures as may be required in carrying out the law under the amendment to the budget in House Document 640.

The Corporation had an earned surplus of \$43,700,000 on July 1, 1944, and on June 30, 1946, the surplus will have increased to \$72,200,000.

FEDERAL INTERMEDIATE CREDIT BANKS

The 12 Federal intermediate-credit banks were organized pursuant to the Agricultural Credits Act of 1923. The term of existence of the banks is unlimited.

The intermediate-credit banks serve as banks of discount to provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. The banks do not make loans directly to individuals or accept deposits of funds otherwise than as collateral security.

Each intermediate-credit bank operates under the direction of a district farm credit board of seven members, who are ex officio the directors of the Federal intermediate credit bank, Federal land bank, district bank for cooperatives, and production credit corporation serving the district. Each unit has a separate staff of executive officers and employees, but a general agent and his staff, employed by the district board, serve as joint officers and employees of all four institutions, to coordinate their activities and furnish such services as legal, information, statistical, personnel administration, etc.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1945, totaled \$91,000,000. It is expected that this figure will reach \$93,000,000 by June 30, 1947.

During the year ended June 30, 1945, the banks made loans and discounted paper amounting to \$873,643,868 and received repayments of \$878,867,125. For 1946, lending activities are estimated at \$878,174,754, with repayments of \$864,912,813, and for 1947 at \$939,605,116, with repayments of \$905,448,452.

As of June 30, 1945, the banks had outstanding unmatured debentures and notes amounting to \$272,975,000 and it is anticipated that these obligations will total \$331,000,000 by June 30, 1947.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 246 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$912,479,952	\$959,605,116
Expenses.....	4,773,003	¹ 4,981,180
Retirement of borrowings.....	469,894,767	602,112,000
Total funds applied.....	1,387,147,722	1,566,698,296
FUNDS PROVIDED		
Realization of assets.....	886,282,251	925,764,955
Revenues.....	5,630,471	5,968,296
Borrowings.....	495,235,000	634,965,045
Total funds provided.....	1,387,147,722	1,566,698,296

¹ Includes administrative expenses estimated at \$1,688,500 and reduced by the committee to \$1,500,000.

PRODUCTION CREDIT CORPORATIONS

The 12 production credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. Establishment of the production credit system was an outgrowth of various efforts to cure longstanding weaknesses in the short-term agricultural credit field. Experience had shown that insufficient capital, inadequate supervision, and the dependence on local resources generally for loanable funds for agricultural production were the chief weaknesses. These corporations each serve one farm-credit district.

In each district the farm credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production credit associations. The active associations, of which there were 514 on June 30, 1945, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent system for making short-term agricultural loans to farmers and stockmen in all parts of the country.

The total authorized capital stock is \$121,000,000 but of this amount \$11,700,000 has been returned to the Treasury and on June 30, 1945, the aggregate paid-in capital was \$110,300,000 and on that date there was a surplus of \$12,700,000. It is expected that by June 30, 1947, the paid-in capital will be reduced to \$95,955,000 and the surplus will be increased to \$16,000,000. These corporations are not authorized to borrow funds and have no substantial current liabilities outstanding. The local associations have used accumulated reserves to reduce materially the investment of the Production Credit Corporations in their capital stock and in two instances have paid off completely the Federal investment. It is stated in the budget that complete farmer ownership of the associations is a major objective. However, the rapidity with which this objective may be reached is directly affected by all the unpredictable factors, such as weather conditions, affecting the farmers' income generally.

In addition to investing in the capital of the local associations the production credit corporations are charged by law with supervision of the local associations. This supervision has been very beneficial in assisting such associations to establish and maintain sound lending and investment policies and in training personnel of the associations to carry on the types of business in which they are engaged. An annual review is made of the credit activities of each association and this serves as a basis for the credit supervision during the whole year.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 273 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$50,923,163	\$5,862,923
Expenses.....	1,639,633	¹ 1,722,139
Retirement of borrowings.....	7,050,000	5,300,583
Total funds applied.....	59,612,796	12,885,645

¹ Includes administrative expenses estimated at \$1,736,993 and reduced by the committee to \$1,600,000.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947—Continued

	1946, estimated	1947, estimated
FUNDS PROVIDED		
Realization of assets.....	\$57,862,894	\$11,079,636
Revenues.....	1,749,785	1,806,009
Borrowings.....	117	
Total funds provided.....	59,612,796	12,885,645

REGIONAL AGRICULTURAL CREDIT CORPORATION

Following an extreme credit stringency during 1930-31, the Reconstruction Finance Corporation was created January 22, 1932, with authority to make loans to aid in financing agriculture, either directly or by way of discount or rediscount of obligations. The Emergency Relief and Construction Act of 1932 extended the power of the Reconstruction Finance Corporation by authorizing it to establish a regional agricultural credit corporation in any Federal-land-bank district (now Farm Credit Administration district) where the need existed. Under that authority 12 regional agricultural-credit corporations, 1 in each Federal-land-bank district were chartered during September and October 1932, to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land bank districts the lending activities of these corporations could be curtailed and in some cases discontinued without detriment to the farmers. Accordingly, the Farm Credit Act of 1937 authorized the consolidation or merger of the regional agricultural credit corporations. By a series of mergers these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the only regional agricultural credit corporation now in existence. The last of these mergers occurred on January 31, 1944.

The capital stock of these corporations has varied in amount from \$44,500,000 in 1933 to \$100,000, the present capital stock outstanding. In addition to this capital stock which is owned by the Treasury, there is a paid-in surplus of \$22,000,000, consisting of various amounts paid in by the United States. There is a current deficit of approximately \$7,000,000 or 1 percent of the total amount of loans which the Corporation has made. This would appear to be a good record in view of the fact that these corporations were created for the purpose of making high risk loans. The Corporation had outstanding on June 30, 1945, loans amounting to \$9,559,000 and it is expected that this amount will be reduced to \$4,171,000 by June 30, 1947. No new loan program is currently contemplated but this Corporation is a standby credit agency, the resources of which are used to meet distressed conditions brought about by flood, drought, and so forth. If any such catastrophe should occur, the funds of the Corporation will be available to lend such assistance as may be required.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 290 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$10,732,454	\$5,160,300
Expenses.....	603,867	141,500
Retirement of borrowings.....	260	0
Total funds applied.....	11,336,581	5,601,800
FUNDS PROVIDED		
Realization of assets.....	10,508,540	4,996,000
Revenues.....	285,968	186,800
Borrowings and capital subscriptions.....	542,073	419,000
Total funds provided.....	11,336,581	5,601,800

¹ Administrative expenses reduced to \$341,000 by the committee.

DEPARTMENT OF COMMERCE

INLAND WATERWAYS CORPORATION

The chartering of the Inland Waterways Corporation in 1924 was an outgrowth of needs which became apparent in inland water transportation during the period of the First World War. By the Federal Control Act of March 21, 1918, the Director General of Railroads was authorized to expend necessary funds for the purchase, construction, utilization, and operation of transportation facilities on inland waterways. In accordance with this authority, the Director General commandeered substantially all privately owned vessels on the inland waterways and initiated a construction program of new floating equipment. Under the terms of the Transportation Act of 1920, the functions exercised by the Railroad Administration were transferred to the Secretary of War and operated as the Bureau of Inland and Coastwise Waterways Service. By 1924 it had become evident that this operation could not be effectively carried on by a typical Government administrative bureau. Accordingly, by an act of Congress, June 3, 1924, the Inland Waterways Corporation was created. The Corporation was operated under the direction and supervision of the Secretary of War until 1939, when it was transferred to the Department of Commerce.

The chief purpose and objective of the Inland Waterways Corporation is to demonstrate the feasibility of water transportation on the inland rivers and to extend the benefits of this service to the people of the United States. The Corporation is to carry out the policy of the Congress in continuing the transportation services until (a) there shall have been completed navigable channels as authorized by Congress; (b) terminal facilities shall have been provided on such rivers reasonably adequate for joint rail and water service; (c) there shall have been published and filed under the provisions of the Interstate Commerce Act, as amended, such joint tariffs with rail carriers as shall make generally available the privileges of joint rail and water transportation upon terms reasonably fair to both rail and water carriers; (d) private persons, companies, or corporations engage, or are ready to engage, in common-carrier service on such rivers. The Cor-

poration has no specified term of existence. However, it is provided in the enabling legislation that as soon as these conditions shall have been met the facilities of the Corporation are to be sold to private enterprise when such transfer can be made to the best advantage of the Government.

The Corporation originally had an authorized capital stock of \$5,000,000. In 1928, this was increased to \$15,000,000. Of this amount, \$12,000,000 actually has been appropriated through the Secretary of the Treasury and made available to the Corporation. In addition to this capital stock of \$12,000,000, the Corporation also has paid-in surplus in excess of \$10,000,000. This paid-in surplus consists of the 1924 appraised value of the equipment and facilities turned over to the Corporation by the War Department at the time of its creation. The Corporation has no authority to issue bonds or other long-term debt obligations.

The Secretary of Commerce in his statement to the Committee advised that it is his purpose to seek legislation authorizing the sale of the barge line regardless of the fact that all conditions of the act have not been met. The terms under which he would propose to sell would require security to the Government for continued operation of a common carrier. Though this matter is not within the jurisdiction of the committee, since the Secretary has raised the question in the hearings, and in view of the effect which the final determination as to the future of the Corporation would have on the budgetary requirements for 1947, members of the subcommittee have given it careful consideration, and it is the opinion of the majority of the members of such subcommittee that the Corporation should not be disposed of until all of the requirements of the law have been met. The principal purpose of the Inland Waterways Corporation was and is to demonstrate the feasibility of inland waterways transportation and through exploration and experimentation to expand such transportation. At the time of the establishment of the Corporation, private operation on the rivers practically had ceased. By reason of the Corporation's operations large volumes of freight now move on inland waterways. It appears that there remains much exploration to be done in determining the feasibility of inland waterways transportation on still other streams, and it is doubted whether private owners of the system would adequately carry on such exploration.

A rate case, which has for its purpose the fixing of joint tariffs as contemplated by the act, has been pending before the Interstate Commerce Commission for more than 12 years. The committee is not advised as to the details of all the delays involved, but considers the time that has elapsed since the filing of the case unconscionable and desires to urge that the Department of Commerce and the Interstate Commerce Commission make every effort to expedite a settlement of the matter.

The original act requires that the Corporation and its properties when disposed of shall be sold to private enterprise "when such transfer can be made to the best advantage of the Government." In this connection, the committee desires to call attention to the fact that, due to wartime conditions, the Corporation has sustained severe losses for five successive years. Since, therefore, the Corporation is at the lowest ebb of its income and with its properties deteriorated, coupled with the fact that testimony before the committee and the general

condition of the country indicate that it may be on the threshold of a period when it can operate profitably, the committee questions whether the Corporation can at this time be sold "to the best advantage of the Government."

In determining the value to the people of the operation of the barge lines consideration must be given to the effect on the rates of railroad transportation, the vast benefits of which cannot be estimated and which are not limited to the immediate areas of the rivers.

It is these factors which have largely governed the committee in its recommendation against early disposal.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 809 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$762, 196	\$3, 160, 719
Expenses.....	8, 453, 723	¹ 8, 424, 281
Total funds applied.....	9, 215, 919	11, 585, 000
FUNDS PROVIDED		
Realization of assets.....	1, 603, 868	3, 524, 000
Revenues.....	7, 612, 051	8, 061, 000
Total funds provided.....	9, 215, 919	11, 585, 000

¹ Includes administrative expenses estimated at \$714,281 and reduced by the committee to \$624,000.

The administrative expense item included \$90,000 for additional personnel, most of which was intended for the accounting department. The volume of business contemplated in 1947 is not materially increased over previous years and the committee feels that all necessary administrative duties can be performed by the same number of persons heretofore employed.

Much of the floating equipment of the Corporation is reaching the point where it must be replaced, as costs for repairs and loss of time soon may become prohibitive. The Corporation expects to expend \$2,600,000 for this purpose in 1947. Present equipment is all steam-powered and, if the Corporation is to continue to operate, the most economical modern equipment would be Diesel-powered, but there are now available a number of steam-powered vessels, owned by the Government, which could be secured from the Defense Plant Corporation at a very attractive price. While probably it is true that these vessels cannot be operated as economically as Diesel-propelled craft, nevertheless it seems to the committee that consideration should be given to replacing the older vessels now in service with this readily available equipment as a stop-gap measure pending the time when conversion to Diesel can be accomplished, and the committee suggests that the management of the Corporation look further into the matter. The committee has been informed of discussions between the management of the Inland Waterways Corporation and the Navy with regard to possible utilization of certain new types of Navy equipment for river transport services and will expect the Corporation to report to the committee the results of the negotiations.

During the first 14 years of its operation the Corporation's net profits totaled \$2,651,000, after setting aside \$7,768,000 for deprecia-

tion charges on equipment and \$4,771,500 for pioneering and developmental work, expenditures in rate cases, and other items not properly a part of operating costs. During the war years, 1939 to 1945, the net deficit amounted to \$2,512,000.

It was the original intention of the act establishing the Corporation that it should operate exactly as a private business concern would operate with respect to employment and all other phases of the business. Since that time, however, various laws have extended benefits of annual and sick leave, and so forth, generally available to Government employees to the employees of the Corporation. Wages and working conditions of employees, aside from these direct benefits, have been determined by negotiation as a private carrier would negotiate and the combination of the two methods of procedure has resulted in a cost of operation which appears abnormally high. The committee inquired as to the probable cost if the rates applicable to Government employment generally under the Classification Act were applied and is informed that on the basis of present rates of pay a saving of about \$250,000 per annum would result and that if compared with the demands which are now pending in connection with renewal of contracts, the annual saving would be approximately \$1,200,000. The committee has, therefore, included in the bill a limitation providing that no funds shall be used to pay compensation to employees, except vessel employees, in excess of the rates fixed for similar services under the Classification Act and for vessel employees, as to whom the Classification Act cannot readily be applied, at rates not in excess of those prevailing in the maritime industry.

WARRIOR RIVER TERMINAL COMPANY

The Warrior River Terminal Company was incorporated January 18, 1926, under the laws of the State of Alabama, as the Port Birmingham Railway Company. By amendment to its charter February 12, 1926, the name was changed to Warrior River Terminal Company. Since June 19, 1926, all capital stock of this Corporation has been owned by the Inland Waterways Corporation.

This Company was formed for the purpose of acquiring the standard gage switching line extending from the river bank at Port Birmingham to Ensley, Ala. This facility was acquired on May 1, 1926. The purchase of the stock of this company by the Inland Waterways Corporation was necessitated by the unsatisfactory interchange relations between Warrior River barge-line operators and the railroad, this road being the only means available to river operators for receiving freight from and delivering freight to the Birmingham district.

The Company originally had an authorized capital stock of \$150,000. Only \$100,000 of this amount had been paid in at the time the Inland Waterways Corporation acquired ownership of the outstanding stock. By amendment to the Company's charter the capital stock was increased to \$1,250,000 in 1931, all of which was issued and purchased by the Inland Waterways Corporation. Both of the purchases of stock made by the Inland Waterways Corporation were approved by the Interstate Commerce Commission. In addition to its capital stock, the Corporation also has paid-in surplus in the amount of approximately \$100,000. This paid-in surplus represents a grant from the Federal Emergency Relief Administration of Federal Works

for replacement of trestles with steel spans. The Company has no outstanding bonds or other long-term debt obligations.

*Condensed statement of sources and application of funds for the fiscal years
1946 and 1947*

[Detailed statement is on p. 890 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$61,383	\$201,592
Expenses.....	172,600	223,408
Payment of dividends.....	75,000	0
Total funds applied.....	308,983	425,000
FUNDS PROVIDED		
Realization of assets.....	50,008	0
Revenues.....	258,975	425,000
Total funds provided.....	308,983	425,000

The Company has paid a dividend of \$75,000 per annum each year to and including 1946. However, due to reduced net earnings during the war years, it is not anticipated that a dividend will be declared in 1947.

DEPARTMENT OF JUSTICE

FEDERAL PRISON INDUSTRIES

Federal Prison Industries, Inc. was created in 1934 to establish and operate industries in the United States penal and correctional institutions for the production of articles and commodities for consumption in the institutions or for sale to the departments and independent establishments of the Federal Government, and not for sale to the public in competition with private enterprise. These industries are required to be diversified so as to minimize competition with private industry and free labor. One of the major purposes of the Corporation is to provide inmates "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release." They are paid wages, on a very low scale, for their employment during incarceration and in the case of those who have dependents a large share of their earnings is sent home to assist in the support of such dependents. This payment in many cases greatly relieves the hardship otherwise experienced by families of prisoners.

Condensed statement of sources and application of funds

[Detailed statement is on p. 902 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$750,000	\$1,000,000
Expenses and cost of sales.....	10,384,948	10,611,481
Retirement of borrowings and payment of dividends.....	4,774,707	6,225,293
Total funds applied.....	15,909,655	17,836,774
FUNDS PROVIDED		
Net decrease in working capital *.....	3,779,655	5,716,774
Revenues.....	12,130,000	12,120,000
Total funds provided.....	15,909,655	17,836,774

The Corporation appears to have been rather successfully managed in that it has paid a dividend of \$4,774,000 to the Treasury in the 12 years of its existence and contemplates a further payment in 1974 of \$6,225,000.

The budget for the Corporation for 1947 contemplates carrying forward its activities without appreciable change from previous years and during that year the Corporation will expend \$1,000,000 for buildings and improvements, and machinery and equipment. A vocational training program has been carried on for some years and it is proposed to increase the cost of this program from \$275,000 in 1946 to \$425,000 in 1947. The committee is entirely in accord with the objectives of the vocational training program and recognizes the need for such training as a part of the rehabilitation of inmates of the penal institutions. However, there is some question as to whether this program is a proper charge against corporate funds. The Comptroller General, in his report of the audit of Federal Prison Industries (H. Doc. No. 567, p. 7), states:

It is believed that this program is being carried on without specific authority of law, inasmuch as it embraces the furnishing of such training, including employment classification, guidance, and placement services for inmates not directly employed in the industries operated by the Corporation, and the financing of the cost of the program out of profits realized in the course of the Corporation's authorized operations. While there is no question but that this program would be proper if conducted by the Federal prisons, it does not appear that authority for its conduct was transferred to the Corporation. Neither does it seem that such a transfer would have been desirable. Officials of the Corporation have justified the program by broad interpretations of the Corporation's powers and duties under the enabling statutes, and by the fact that the program heretofore has been brought to the attention of the Congress in annual reports for the fiscal years 1935 through 1944.

Responsible officials of the Department of Justice should study this question and make a recommendation on the basis of which the Congress may establish a permanent policy with respect to the method to be used in supporting vocational training activities.

DEPARTMENT OF INTERIOR

VIRGIN ISLANDS COMPANY

The Virgin Islands Company was established in 1934 to aid in effecting the economic rehabilitation of the Virgin Islands and to promote the general welfare of the people. The United States Government purchased a number of properties, including sugar plantations, two sugar mills, a distillery, a short railroad, and other properties, and formed the Virgin Islands Company which was incorporated by an ordinance of the municipality of St. Thomas and St. John. An operating agreement between the Secretary of the Interior and the Virgin Islands Company provides for the operation of the various properties for the benefit of the people of the Virgin Islands. The distress of the people on the island of St. Croix was without compare at the time the Company was established and there is little doubt but that the situation has been greatly improved by the activities of the Company which is the backbone of the economy of the island. This Company has no Federal charter and under section 304 (b) must either secure legislative authorization for its continuance after June 30, 1948, or go out of business. The Company has never

paid an actual profit and the only activity which appears to be profitable is the rum distillery. Regardless of that fact, whatever policy for future operations is determined upon, it is to be hoped that some means can be found to meet the needs of these people other than the operation of a distillery.

The properties in the Virgin Islands which are operated by the Company are owned by the United States Government and are under the control of the Department of the Interior. The Company, since it does not own these properties, does not include them in the statements of its assets and the budget of the Company makes no showing as to the worth of the various units. Technically, of course, since the Company does not own the property it should not carry property and depreciation accounts in its books but as a practical proposition the Government owns the Company and the Government owns the property; the Government has an agreement with itself that the Company will operate the property and in order to appraise the business intelligently it is necessary that the value and condition of the physical assets be considered in conjunction with the financial operations of the Company. The committee sought to obtain information in regard to the physical assets but was able to secure only a statement of what the Government owns and the value assessed for tax purposes and desires to request that in connection with the presentation of future budgets the committee be supplied with full and complete information as to the character, cost price, depreciation, and fair value of all properties operated by the Virgin Islands Company. The burden for supplying this information naturally will fall on the Department of the Interior which has custody of the property and control of the Company.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 5 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$135,850	\$137,850
Expenses and cost of sales.....	969,600	1,016,600
Total funds applied.....	1,105,450	1,154,450
FUNDS PROVIDED		
Realization of assets.....	850	850
Revenues.....	1,104,600	1,153,600
Total funds provided.....	1,105,450	1,154,450

Major sources of revenue are sales of sugar, \$500,000, and rum, \$600,000. The economy of the island of St. Croix has traditionally depended on these two commodities and the experience of the Virgin Islands Company over a 12-year period seems to indicate that sugar production, which accounts for most of the employment afforded by the Company, never will be profitable. While it was testified that there has been some agricultural experimentation carried on, there is no showing as to definite results. If the properties owned by the Government were carried in the books of the Company and the Company's revenues charged with proper amounts for depreciation,

etc., the business would not appear attractive as a business venture. The residents of the island cannot be left to the starvation basis on which they were living in 1933, but certainly some means should be found for making them self-sustaining and thereby obviate the necessity of the Government's continuing a money-losing venture indefinitely. The Department of the Interior should endeavor promptly to find a solution for this problem.

DEPARTMENT OF STATE

OFFICE OF INTER-AMERICAN AFFAIRS

Five corporations were created by the Office of Inter-American Affairs to assist in carrying out the programs of this war agency. These were created under authority contained in the Third Supplemental National Defense Appropriation Act, 1942, the First Supplemental National Defense Appropriation Act, 1943, and the National War Agencies Appropriation Act, 1944, and were transferred to the Department of State by Executive order effective May 20, 1946. All of the corporations were incorporated under the laws of the State of Delaware. Funds heretofore have been provided from appropriations to the Office of Inter-American Affairs. These corporations have not been operated for profit, and losses reflected in the 1947 budgets represent depletion of capital.

Three of the corporations will be in dissolution during fiscal year 1947. One, the Inter-American Navigation Corporation, will be completely liquidated in February 1947 and two others, the Institute of Inter-American Transportation and Precinradio, Inc., will begin the 3-year dissolution period required by Delaware law by the end of the current fiscal year. Programs being carried on by the remaining corporations, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, under agreements with Latin-American Countries, will be completed during fiscal year 1949.

Although these corporate activities are being concluded, the Department of State will request authority to continue certain aspects of the program as part of the Department's long-range program of cooperation with the other American Republics.

The acts authorizing the establishment of these corporations granted to the Coordinator of Inter-American Affairs authority to make contracts under which the funds required for their programs have been advanced. Appropriations necessary to meet these obligations have been made in full for all except the Institute of Inter-American Affairs, to which was granted an original contract authorization of \$18,000,000, and the Inter-American Educational Foundation, to which was granted an original contract authorization of \$2,500,000. For 1947 the bill appropriates \$3,456,710 which is required to meet obligations of the Institute of Inter-American Affairs and there will remain \$7,000,000 to be hereafter appropriated. In the case of the Inter-American Educational Foundation the bill appropriates \$1,083,577 which is required to be appropriated for 1947 and there will remain \$1,115,000 to be appropriated.

Institute of Inter-American Affairs—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 90 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$80, 298	\$29, 997
Expenses.....	9, 609, 427	8, 377, 882
Retirement of borrowings.....	0	0
Total funds applied.....	9, 689, 725	8, 407, 879
FUNDS PROVIDED		
Net decrease in working capital.....	5, 815, 384	4, 692, 576
Appropriations.....	3, 781, 769	3, 456, 710
Contributions.....	92, 572	258, 593
Total funds provided.....	9, 689, 725	8, 407, 879

Institute of Inter-American Transportation—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 116 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$100	0
Expenses.....	2, 090, 375	\$150, 840
Return of funds to Treasury.....	487, 390	0
Total funds applied.....	2, 577, 865	150, 840
FUNDS PROVIDED		
Net decrease in working capital.....	2, 577, 865	150, 840

Inter-American Educational Foundation, Inc.—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 124 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$31, 588	\$10, 200
Expenses.....	1, 402, 843	1, 943, 949
Total funds applied.....	1, 434, 431	1, 954, 149
FUNDS PROVIDED		
Net decrease in working capital.....	983, 435	697, 555
Appropriations.....	301, 423	1, 083, 577
Contributions.....	149, 573	173, 017
Total funds provided.....	1, 434, 431	1, 954, 149

Inter-American Navigation Corporation—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 134 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$117	0
Expenses.....	1,638	\$3,261
Payment of contingent liabilities and/or return of funds to Treasury.....	175,000	46,603
Total funds applied.....	176,755	49,864
FUNDS PROVIDED		
Net decrease in working capital.....	176,755	49,864
Total funds provided.....	176,755	49,864

Preneirradio, Inc.—Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

[Detailed statement is on p. 140 of the hearings]

	1946, estimated	1947, estimated
FUNDS APPLIED		
Acquisition of assets.....	\$33,043	0
Expenses.....	23,416	\$23,781
Return of funds to Treasury.....	975,000	88,125
Total funds applied.....	1,031,459	111,906
FUNDS PROVIDED		
Realization of assets.....	1,030,109	110,688
Revenues.....	1,350	1,218
Total funds provided.....	1,031,459	111,906

WAR DEPARTMENT

UNITED STATES SPRUCE PRODUCTION CORPORATION

The United States Spruce Production Corporation was organized under the laws of the State of Washington on August 20, 1918, by the director of aircraft production. Authority for creation of the Corporation and limitations on the continuation of its particular functions are to be found in chapter XVI of an act making appropriation for the support of the Army, etc., approved July 9, 1918, Public Law 193.

The objects and purposes for which the Corporation was formed, as stated in its articles of incorporation, were—

The purchase, production, manufacture, and sale of aircraft, aircraft equipment, or materials therefor, and to build, own, and operate railroads in connection therewith, and in general, to do all acts and things which may be incidental to the carrying out of the foregoing purposes or to the exercise of the foregoing powers, or which may be necessary, advantageous, desirable, or convenient therefor.

The Corporation took over the industrial activities of the spruce production division of the bureau of aircraft production of the United States Army Air Service. The function of that bureau was the production and allocation of aircraft lumber to the United States and its allies, Great Britain, France and Italy. In order to carry out

the required production program of the bureau it was necessary for the division to assume full control of the logging and lumber industry of the Northwest, which control vested in turn in the Corporation.

On June 28, 1922, a suit for dissolution of the Corporation was filed in the superior court of the State of Washington for Clark County and its liquidation has been at all times and still is under the jurisdiction and supervision of this court to which the Corporation makes regular reports.

Since 1922 this Corporation has been inactive except for matters related to dissolution and liquidation and according to the budget it is contemplated that it will wind up its affairs during the fiscal year 1947 and finally go out of business. The committee is unable to understand why it has not been possible to conclude the liquidation years ago. It has, therefore, made provision for administrative expenses until January 1, 1947, after which date all administrative duties and responsibilities will be assumed by such officers and employees as the Secretary of War may designate and who will receive no compensation for such duties in addition to their compensation for other assignments and has also included a provision requiring the Secretary of War to take such steps as may be necessary to secure the final dissolution of the Corporation at the earliest practicable date. This Corporation is a good case study in the necessity for congressional review and control of the Government corporations as contemplated by the Government Corporation Control Act. For 24 years a Government corporation has been dormant and supposedly in process of dissolution but during all that time paying salaries, maintaining offices, and otherwise expending funds which might have found their way into the Treasury. Whether or not it would have been possible to have relinquished the corporate charter and disposed of all assets at an earlier date is a moot question but certainly there has been so little actual work necessary to the transaction of the business of the Corporation that such work could have been absorbed by regular employees of the War Department without additional expense therefor and, if Congress had had the measure of control afforded by the Government Corporation Control Act, the proper steps might have been taken to secure this result at an earlier date.

Condensed statement of sources and application of funds for the fiscal years 1946 and 1947

	1946, estimated	1947, estimated
FUNDS APPLIED		
Net increase in working capital.....	\$5,897	0
Expenses.....	20,883	¹ \$13,669
Retirement of borrowings and capital and distribution of surplus.....	0	297,518
Total funds applied.....	26,780	311,187
FUNDS PROVIDED		
Realization of assets.....	17,468	292,920
Revenues.....	9,312	18,267
Total funds provided.....	26,780	311,187

¹ Reduced by committee to \$10,000.

Comparison of appropriations for 1946—Estimates for 1947 and amounts carried in the bill for 1947

Agency	Appropriations, 1946	Budget estimates, 1947	Recommended in bill, 1947	Increase (+) or decrease (—) bill compared with 1946 appropriations	Increase (+) or decrease (—) bill compared with estimates, 1947
National Housing Agency:					
Veterans' housing program-----	\$445, 637, 000			—\$445, 637, 000	-----
Federal Public Housing Authority-----	7, 600, 000	\$12, 600, 000	\$8, 300, 000	+700, 000	—\$4, 300, 000
Tennessee Valley Authority-----	9, 648, 000	36, 572, 000	25, 906, 000	+16, 258, 000	—9, 666, 000
Department of Agriculture:					
Federal Crop Insurance Corporation-----	7, 984, 900	7, 880, 000	6, 800, 000	—1, 184, 000	—1, 080, 000
Commodity Credit Corporation (restoration of capital)-----		921, 456, 561	(1)	-----	—921, 456, 561
State Department:					
Institute of Inter-American Affairs-----	3, 543, 290	3, 456, 710	3, 456, 710	—86, 580	-----
Inter-American Educational Foundation-----	301, 423	1, 083, 577	1, 083, 577	+782, 154	-----
Total-----	474, 714, 613	983, 048, 848	45, 546, 287	—429, 167, 426	—936, 502, 561

¹ Secretary of Treasury authorized and directed to cancel notes of Commodity Credit Corporation in amount of \$921,456,561.

MINORITY VIEWS

The brevity of the minority's views indicates that the majority report of the committee represents with limited exceptions the view of the entire subcommittee. A minority report from the House Committee on Appropriations is unusual. It has been made, in this instance, to emphasize some views and to reflect some fundamental differences in opinion which it is felt are particularly important in these times. The minority members sincerely believe the exercise of this function to be our plain duty.

PURPOSE AND EFFECT OF THE ACT

It was the obvious intent of Congress in enacting the Government Corporation Control Act to bring the corporations under the fiscal controls of the Government and to reestablish the constitutional powers of Congress as the only appropriating authority. This is necessary in order to provide a working fiscal program which embodies all the agencies of government which are integrally a part of the financial structure and enable the Congress and the public to determine readily the outstanding obligations and commitments of the United States. The committee has endeavored to carry out this intent but it is our view that the action taken does not go far enough. While it is true that the bill as reported to the House carries in it restrictions which should prohibit the use of funds or authority for any purpose not related to budget programs, the committee has also approved a section (sec. 302 of the bill) which was proposed by the Bureau of the Budget which would permit a corporation to initiate a new program merely by securing the approval of the President. In our judgment this section greatly weakens, if not vitiates, the controls attempted by the remainder of the bill. It is the purpose of the minority to advocate and contend for adequate Budget control over the Government corporations and to seek amendments of the Corporation Control Act if it is determined that such amendments are necessary to provide that degree of control which must be had in order to meet the constitutional requirements for control of the Federal finances. The corporations deal entirely with the taxpayers' money and have attained such a size as to almost dominate the economy of the Nation through their power to expand and use at will the credit of the United States.

There are fiscal fundamentals which the minority feels must be the guide for any action of the Appropriations Committees of the Congress if the domestic economy is to be stabilized. Of these, the following four are pertinent to the duties and responsibilities of this subcommittee:

1. Shrink the national debt.
2. Reduce Federal Government expenditures to the minimum.
3. Avoid actions upon the part of Government which hinder the full functioning of a free competitive economy.
4. Avoid any financial performance or operation upon the part of Government, the trend of which is inflationary.

The expansion of Federal credit is inflationary and easy "cheap money" is inflationary. Both of these inflation-producing elements are inherent vices in the authority and in the method of transaction of the business of the large lending agencies which are included in the accompanying bill. The various lending agencies of the Government operate under statutory and corporate charter powers which are so broad as to place them not only in competition with private financial institutions but, in some instances, with each other. For example, there is no power of The RFC Mortgage Company to make a loan which is not duplicated either by the Reconstruction Finance Corporation or the Federal National Mortgage Association. Instances of solicitation of loans by certain of the lending agencies have come to the attention of the committee. If the Federal Government is to be in the money-lending business at all certainly that function should be restricted to supplementing the private sources of capital as required by emergent needs only and in no event should a Government agency make a loan until every reasonable private source has been exhausted, as was the intention of the Congress in enacting the various laws under which Government loans are made.

The minority members of the committee take the position that no Government corporation should be incorporated other than by specific authority of Federal law. Attention should also be directed to the fact that under the laws of some States where Government corporations have been incorporated, there is a 3-year period required after a corporation has actually gone out of business before it can be finally liquidated and its charter surrendered. It is, therefore, necessary for the Government to maintain offices, and bear the expense of personnel, and other administrative costs for 3 years after the business is closed. The officials of Government corporations have full authority and autocratic power to allow any claim against such a corporation and pay that claim with the taxpayers' money without going through the regular channels of the Congress and are not governed, in these settlements, by the laws respecting the payment of claims by the Government generally. Such authority in the hands of unscrupulous officials might well lead to the payment of unjust claims amounting to great sums. It is not difficult to see how a condition of this kind could lead to misappropriation of the taxpayers' money.

STAFF OF THE COMMITTEE

No committee of Congress is at present properly staffed with auditors, examiners, or investigators whose duty it would be to check into not only the functions of the different departments, commissions, agencies, etc., of the Government to ascertain at regular intervals whether or not they are living up to the letter of law. Especially is every subcommittee of the Appropriations Committee handicapped, to the detriment of the taxpaying public, in that the members of the committees do not have the very much needed staffs to keep them properly informed as to how the spending agencies of Government are expending appropriated funds. Once during each fiscal year departments come before the 12 respective subcommittees of the Appropriations Committee to justify their request for funds and it is a physical impossibility for the members of the committee to know with any

degree of accuracy the amount of money each agency should have to meet its needs.

The minority members of the committee are, however, gratified to know that the committee on reorganization of Congress has made recommendations for such examining staffs and we wholeheartedly endorse this recommendation. The present staff of the committee is as efficient and as capable as could be secured but is wholly inadequate in size. The additional staff members proposed by the committee on reorganization should work under the direction of the secretary of each subcommittee.

INTER-AMERICAN AFFAIRS

The appropriations carried in the bill are approved by the minority only because they are for the purpose of meeting contractual obligations heretofore entered into. It has been stated that there is some intention of continuing certain aspects of these programs under the auspices of the Department of State. No such continuing activity should be embarked upon as a result of these appropriations or through the existing corporations. These corporations should be liquidated as soon as their outstanding commitments have been met.

EXPORT-IMPORT BANK

The following statement is quoted from the Budget.

The bank was established to stimulate the international trade of the United States.

Under the original practice, within this expressed purpose, the bank made loans to foreign and domestic enterprises who were dealing in exportation of American-produced commodities and the importation of foreign commodities. In that field, the bank has in the past and could in the future render a useful service. By its operation in the field of foreign government loans, it has become a means of avoiding the specific approval of the Congress in the lending of money to foreign governments. It is the recommendation of the minority that congressional approval be obtained on all loans to foreign governments.

RECONSTRUCTION FINANCE CORPORATION

The minority is of the opinion that the Reconstruction Finance Corporation where it operates in the event of emergent needs should be governed solely by its own Board of Directors. Influence is brought to bear by other administrative branches of government which are intolerable and have in the past caused bad banking practices. Attention is invited to testimony on the loans to the Kaiser interests on pages 660 to 662 of the hearings. Any subsidiary of the Reconstruction Finance Corporation which does not now serve an emergent need should be liquidated.

Public works.—It has been the practice of the Reconstruction Finance Corporation and its subsidiaries to make loans to States, political subdivisions thereof, and other public bodies of the United States for public works. It is the opinion of the minority that public-works expenditures should be restricted strictly to those programs authorized

by specific legislation including descriptive limitations on types of programs and amounts of money.

NATIONAL HOUSING AGENCY

We are impressed with the apparent confusion in the minds of those charged with the veterans' housing program. It appears to be the acknowledgment of all that the various controlling agencies of government are in conflict and their rules and conflicts have created in the building industry black markets which are in themselves a great inflationary force. Black-market operators are tax evaders. The minority has joined in the liberality of the committee in approving the Administrator's request only because of the great housing shortage and its great desire to provide adequate housing for the American people.

There is now pending in Congress legislation to authorize additional housing programs. Before such legislation is presented for consideration by the House, there should be a thorough and complete study not only of the existing laws but of the housing needs generally with a view to minimizing the participation of the Federal Government in what is essentially a local problem. In any such enactment the present confused situation should be clarified through codification and simplification.

HOME OWNERS' LOAN CORPORATION

Now that the banks and other local financial institutions are in need of sound investments for the large amounts of money on hand, the Home Owners' Loan Corporation should make every effort to transfer every loan it holds to these private lending agencies and thereby enable the Federal Government to liquidate this Corporation. The purposes for which the Corporation was founded have now been served, and its continued operation is not justified. You will note on page 1126 of the hearings that the Administrator of this Corporation testified that they were discouraging the recommendations as made by the minority members of this committee in this report. Such action could be interpreted only as an attempt on the part of the Administrator to maintain continuance of office at the unnecessary expense of the taxpayer. A request was made to this committee for the sum of \$5,179,000 for administrative expenses. The committee allowed \$4,500,000 which could be saved, in addition to giving the private lending institutions of our Nation the benefit of this business, if the recommendations of the minority members of the committee are carried out.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation, which has resulted in a loss to date of \$49,700,000 as it has been operated, is a continually failing venture without any general benefit to the economic welfare of the farmers or of the Nation. Under the present law, the administrative and operating costs are paid out of an appropriation from the Treasury and the income from insurance premiums is used only to meet losses. The amount of losses given above represents the differ-

ence between premiums collected and losses paid, and does not take into account any of the expenses for personnel and other administrative costs. The total loss is reflected in the following table:

Total insurance losses paid.....	\$110, 950, 597
Total of administrative expenses and operating costs.....	46, 249, 081
Insurance premiums collected.....	61, 170, 079
Net cost of the operation.....	95, 249, 081

In 1943 the Committee on Appropriations recommended and the Congress approved the dissolution of the Federal Crop Insurance Corporation. Subsequently, another law was passed reestablishing it. The minority members of the committee believe that history and experience justify the position taken by the Committee on Appropriations in 1943. We recognize that private underwriters are not interested in this field and that if such a venture is deemed an economic necessity it would have to be conducted by the Government. It is a known factor that no such program can succeed unless it is participated in by farmers generally and to date it is apparent that only the high hazard areas are interested and that the rates obtained are inadequate and inequitable.

The minority members of the committee recognize the intolerable conditions partially imposed by Federal programs in certain flood areas. These people are entitled to redress. It is our opinion, however, that the Federal Crop Insurance Corporation is not a proper or equitable vehicle.

INLAND WATERWAYS CORPORATION

It has been recommended on page 802 of the hearings by the Secretary of Commerce that the Inland Waterways Corporation be sold. The statute creating the Corporation provides that the Corporation shall continue operations until navigable channels have been completed; terminal facilities have been established; joint tariffs with rail carriers have been published and filed with the Interstate Commerce Commission; and private persons, companies or corporations engage, or are willing to engage, in comparable common-carrier service. It should be pointed out that the Secretary's contention is that the statute has not been fully complied with but sufficiently so that it justifies a recommendation to the Congress for the sale of the Corporation. The minority believes that the statute has been complied with insofar as various sections of the waterways are concerned, with the exception of the Missouri River between St. Louis and Kansas City. Testimony indicated that this segment was as yet in pioneer stages of development. As further proof that this Corporation should be liquidated the hearings revealed that private carriers are now and can in the future render to the public the necessary services at reasonable rates. It should be stated also that Inland Waterways Corporation has since 1939 lost \$2,500,000 while during the same period private carriers have enjoyed profits and have paid substantial taxes into the Federal Treasury. The continued losses can be expected unless a complete rehabilitation of equipment is instituted as a part of the program of the corporation. It cannot expect to again be put

in the successfully competitive position. The Department of Commerce requested an allowance of \$2,600,000 for replacement of plant and equipment which the committee by majority vote has allowed in this bill. In view of the minority's recommendation, this allowance is opposed.

BEN F. JENSEN.

WALTER C. PLOESER.



Union Calendar No. 677

79TH CONGRESS
2D SESSION

H. R. 6777

[Report No. 2269]

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1946

Mr. MAHON, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1947, namely:

7 TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16
10 U. S. C., ch. 12A), including the construction of South Hol-

1 ston Dam and Watauga Dam; and the acquisition of neces-
2 sary land, the clearing of such land, relocation of highways,
3 and the construction or purchase of transmission lines and
4 other facilities, and all other necessary works authorized by
5 such Act; purchase, hire, maintenance, repair, and operation
6 of aircraft; rents in the District of Columbia and elsewhere;
7 penalty mail (not to exceed \$25,000); and all necessary
8 salaries and expenses connected with the organization, oper-
9 ation, and investigations of the Tennessee Valley Authority,
10 \$25,906,000, together with the unexpended balance of funds
11 heretofore appropriated, to remain available until June 30,
12 1947, and to be available for the payment of obligations
13 chargeable against prior appropriations.

14 NATIONAL HOUSING AGENCY

15 FEDERAL PUBLIC HOUSING AUTHORITY

16 Annual contributions: For the payment of annual con-
17 tributions to public housing agencies in accordance with sec-
18 tion 10 of the United States Housing Act of 1937, as
19 amended (42 U. S. C. 1410), \$8,300,000, together with the
20 unexpended balance of the appropriation for this purpose for
21 the fiscal year 1946: *Provided*, That except for payments
22 required on contracts entered into prior to April 18, 1940,
23 no part of this appropriation shall be available for payment
24 to any public housing agency for expenditure in connection

1 with any low-rent housing project, unless the public housing
2 agency shall have adopted regulations prohibiting as a tenant
3 of any such project by rental or occupancy any person other
4 than a citizen of the United States, but such prohibition shall
5 not be applicable in the case of a family of any serviceman
6 or the family of any veteran who has been discharged (other
7 than dishonorably) from, or the family of any serviceman
8 who died in, the armed forces of the United States within
9 four years prior to the date of application for admission to
10 such housing: *Provided further*, That none of the funds
11 herein shall be used to pay contributions with respect to
12 projects constructed under authority of Public Law 671,
13 Seventy-sixth Congress.

14 DEPARTMENT OF AGRICULTURE

15 FEDERAL CROP INSURANCE CORPORATION

16 Operating expenses: For operating and administrative
17 expenses, \$6,800,000, including not to exceed \$700 for
18 newspapers.

19 DEPARTMENT OF STATE

20 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

21 For the payment of obligations incurred under the con-
22 tract authorization of \$18,000,000 under the head "Office of
23 the Coordinator of Inter-American Affairs" in the National
24 War Agencies Appropriation Act, 1944, \$3,456,710.

1 INTER-AMERICAN EDUCATIONAL FOUNDATION,
2 INCORPORATED

3 For the payment of obligations incurred under the con-
4 tract authorization of \$2,500,000 under the head "Office
5 of the Coordinator of Inter-American Affairs" in the National
6 War Agency Appropriation Act, 1945, \$1,083,577.

7 TITLE II

8 The following corporations and agencies, respectively,
9 are hereby authorized to make such expenditures, within the
10 limits of funds and borrowing authority available to each
11 such corporation or agency and in accord with law, and
12 to make such contracts and commitments without regard
13 to fiscal year limitations as provided by section 104 of the
14 Government Corporation Control Act, as may be necessary
15 to carrying out the programs set forth in the Budget for
16 the fiscal year 1947 for each such corporation or agency,
17 except as hereinafter provided:

18 INDEPENDENT AGENCIES AND CORPORATIONS

19 Export-Import Bank of Washington: *Provided*, That
20 not to exceed \$780,000 of the funds of the Export-Import
21 Bank of Washington, shall be available during the fiscal
22 year 1947 for all administrative expenses of the bank, in-
23 cluding purchase, maintenance, operation, and repair of one
24 passenger automobile; not to exceed \$100 for periodicals,
25 \$200 for newspapers, and \$200 for maps; and not to exceed

1 \$24,000 for the temporary employment of persons or or-
2 ganizations for special services by contract or otherwise,
3 without regard to section 3709 of the Revised Statutes and
4 the civil-service and classification laws: *Provided further,*
5 That all necessary expenses (including special services per-
6 formed on a contract or fee basis, but not including other
7 personal services) in connection with the acquisition, opera-
8 tion, maintenance, improvement, or disposition of any real
9 or personal property belonging to the bank or in which it
10 has an interest, including expenses of collections of pledged
11 collateral, shall be considered as nonadministrative expenses
12 for the purposes hereof.

13 Panama Railroad Company: *Provided,* That not to ex-
14 ceed \$500,000 shall be available for administrative expenses.

15 Tennessee Valley Associated Cooperatives: *Provided,*
16 That not to exceed \$2,500 shall be available for adminis-
17 trative expenses.

18 Tennessee Valley Authority.

19 FEDERAL LOAN AGENCY

20 Office of the Administrator: *Provided,* That of the funds
21 available for administrative expenses to the agencies under
22 the direction and supervision of the Federal Loan Adminis-
23 trator (12 U. S. C. 1801), \$118,000 is hereby made avail-
24 able to the Administrator for administrative expenses of
25 supervising such agencies, including printing and binding

1 (\$2,500) ; not to exceed \$10,000 for the temporary employ-
2 ment of persons or organizations for special services by
3 contract or otherwise without regard to section 3709 of the
4 Revised Statutes and the civil-service and classification laws.

5 Reconstruction Finance Corporation: *Provided*, That
6 not to exceed \$33,553,000 (to be computed on an accrual
7 basis) of the funds of the Reconstruction Finance Corpora-
8 tion, established by the Act of January 22, 1932 (47
9 Stat. 5), shall be available during the fiscal year 1947 for
10 its administrative expenses and the administrative expenses
11 of Federal National Mortgage Association, The RFC
12 Mortgage Company, War Damage Corporation, U. S. Com-
13 mercial Company and Rubber Development Corporation;
14 not to exceed \$650 for periodicals and newspapers; use
15 of the services and facilities of the Federal Reserve banks;
16 and not to exceed \$115,150 for deposit in the general
17 fund of the Treasury for cost of penalty mail as required
18 by section 2 of the Act of June 28, 1944 (Public
19 Law 364): *Provided further*, That all necessary expenses
20 (including services performed on a force account, contract,
21 or fee basis, but not including other personal services except
22 those which the corporations' prescribed accounting system
23 requires to be capitalized or charged to the cost of com-
24 modities acquired) in connection with the acquisition, pro-
25 tection, operation, maintenance, improvement, or disposition

1 of real or personal property belonging to said corporations,
2 or in which they have an interest, including expenses of
3 collections of pledged collateral, expenses incurred for serv-
4 ices performed outside the limits of continental United States
5 and properly capitalized expenditures, shall be considered as
6 nonadministrative expenses for the purposes hereof: *Pro-*
7 *vided further*, That none of the funds of the Reconstruction
8 Finance Corporation and the subsidiaries thereof shall be used
9 for the custody, maintenance, or disposal of any surplus
10 property except such property as may be owned by and
11 held for disposal by the Reconstruction Finance Corporation
12 or its subsidiaries: *Provided further*, That no part of the
13 funds of the Reconstruction Finance Corporation or of any
14 subsidiary thereof shall be used to make any purchase or for
15 personal services or to enter into any contract for the use
16 or benefit of any other agency of the Government unless
17 such agency shall have authority in law and appropriations
18 available to make reimbursement for such purchase, personal
19 services, or contract: *Provided further*, That none of the
20 funds of the Reconstruction Finance Corporation and its
21 subsidiaries shall be used for the making of any loan to any
22 State, any subdivision thereof, any municipality therein, or
23 any public authority, for construction purposes, unless in
24 pursuance of a specific authorization if such loan would

1 increase the aggregate amount of such loans outstanding
2 above \$100,000,000.

3 Federal National Mortgage Association.

4 The RFC Mortgage Company.

5 Rubber Development Corporation.

6 U. S. Commercial Company.

7 War Damage Corporation.

8 NATIONAL HOUSING AGENCY

9 Salaries and expenses, Office of the Administrator and
10 Expediter: In addition to the amounts available by or pur-
11 suant to law (which shall be transferred to this authoriza-
12 tion) for the administrative expenses of the Office of the
13 Administrator, National Housing Agency, in carrying out
14 duties imposed by or pursuant to law, such amounts, not
15 exceeding \$450,000, as the Administrator determines are
16 required for the expenses of the Office of the Administrator
17 in the performance of administrative and supervisory services
18 relating to the constituent units of said Agency shall be
19 transferred, from the funds available for the administrative
20 expenses of such constituent units for the fiscal year 1947,
21 to this authorization for expenditure hereunder, and all
22 such amounts shall be available for all necessary expenses
23 of said Office of the Administrator; periodicals and
24 newspapers (not to exceed \$1,000) ; preparation, mounting,
25 shipping, and installation of exhibits; purchase of sixteen

1 (including one at not to exceed \$1,800), maintenance, re-
2 pair, operation, and rental of passenger automobiles; tempo-
3 rary employment of persons or organizations, by contract or
4 otherwise, for research work, and for engineering, technical,
5 legal, or other special services, including stenographic re-
6 porting services, without regard to section 3709 of the
7 Revised Statutes and the civil-service and classification laws;
8 expenses of attendance at meetings of organizations con-
9 cerned with the work of the Agency, when specifically
10 authorized by the Administrator; reimbursement for the
11 actual cost of ferry fares and bridge, road, and tunnel tolls;
12 payment of not to exceed 3 cents per mile to employees
13 or others rendering service to the Government for use by
14 them of privately owned automobiles for transportation on
15 official business within the limits of their official stations; and
16 purchase of teletype news services (not to exceed \$1,000) :
17 *Provided*, That the Administrator may, with the approval
18 of the President of the United States; transfer to this au-
19 thorization or to an authorization of a constituent unit from
20 funds available for administrative expenses of the constituent
21 units or the Office of the Administrator such additional sums
22 as represent a consolidation in the Office of the Administrator
23 or in a constituent unit of any of the administrative functions
24 of the National Housing Agency; but no such transfer of

1 funds shall be made unless the consolidation will result in a
2 reduction in manpower and a savings in administrative ex-
3 penses, which savings shall not be used for administrative
4 expenses but instead shall be returned to or remain in the
5 funds from which administrative expenses are drawn under
6 this authorization: *Provided further*, That a report of such
7 transfers and the savings effected thereby shall be submitted
8 to Congress in the annual budget.

9 Penalty mail costs: For costs of penalty mail of the
10 National Housing Agency, not to exceed \$295,600, said
11 sum to be derived by transfer of the unobligated balances,
12 as of July 1, 1946, of the funds made available for penalty
13 mail costs by the First Supplemental Appropriation Act,
14 1945, and the Independent Offices Appropriation Act, 1946,
15 and by transfer, from the funds of the constituent units of
16 said Agency available for administrative expenses, in not
17 to exceed the following amounts: Office of the Administrator,
18 \$15,000; Federal Home Loan Bank Administration, \$111,-
19 000; Federal Housing Administration, \$130,000; and Fed-
20 eral Public Housing Authority, \$39,600: *Provided*, That in
21 no event shall any moneys in excess of the costs of penalty
22 mail allocable, respectively, to said Office of the Administra-
23 tor and each of the aforesaid constituent units of the National
24 Housing Agency be transferred hereunder: *Provided further*,
25 That so long as the positions of National Housing Adminis-

1 trator and Housing Expediter are held by the same person,
2 such person may accept the salary of either such position
3 but not to exceed \$12,000 per annum.

4 Federal Home Loan Bank Administration: *Provided,*
5 That not to exceed a total of \$1,400,000, to be derived from
6 the special deposit account established under the provisions
7 under the head "Federal Home Loan Bank Administration"
8 in the Independent Offices Appropriation Act, 1944, and
9 from receipts of the Federal Home Loan Bank Administra-
10 tion or the Federal Home Loan Bank Board for the fiscal
11 year 1947 and prior fiscal years, shall be available during the
12 fiscal year 1947 for administrative expenses of the Federal
13 Home Loan Bank Administration (Executive Order 9070
14 of February 24, 1942), and said Administration may transfer
15 to a separate authorization (which is hereby authorized to be
16 established), for expenditure by the Administration there-
17 under, not to exceed such amounts, from funds available for
18 administrative expenses of the Federal Home Loan Bank
19 Administration, the Federal Savings and Loan Insurance
20 Corporation, and the Home Owners' Loan Corporation, as
21 said Administration may deem necessary or advisable to be
22 so transferred for administrative expenses of or relating
23 to any department or unit of said Administration providing
24 services or facilities also to the Federal Savings and Loan
25 Insurance Corporation and the Home Owners' Loan Corpo-

1 ration; and use of services and facilities of the Federal home-
2 loan banks, Federal Reserve banks, Federal Savings and
3 Loan Insurance Corporation, and the Home Owners' Loan
4 Corporation and other agencies of the Government, the
5 amounts so derived to be credited upon the books of the
6 Treasurer of the United States in such account or accounts
7 as said Administration may determine: *Provided further,*
8 That all necessary expenses in connection with the con-
9 servatorship of institutions insured by the Federal Savings
10 and Loan Insurance Corporation and all necessary expenses
11 (including services performed on a contract or fee basis, but
12 not including other personal services) in connection with the
13 handling, including the purchase, sale, and exchange, of
14 securities on behalf of Federal home-loan banks, and the
15 sale, issuance, and retirement of, or payment of interest on,
16 debentures or bonds, under the Federal Home Loan Bank
17 Act, as amended, shall be considered as nonadministrative
18 expenses for the purposes hereof: *Provided further,* That not-
19 withstanding any other provisions of this Act, except for
20 the limitation in amount hereinbefore specified, the adminis-
21 trative expenses and other obligations of the Administration
22 shall be incurred, allowed, and paid in accordance with the
23 provisions of the Federal Home Loan Bank Act of July 22,
24 1932, as amended (12 U. S. C. 1421-1449).

25 Federal Savings and Loan Insurance Corporation: *Pro-*

vided, That not to exceed \$532,000 shall be available for administrative expenses, including the use of services and facilities of the Federal home-loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Home Owners' Loan Corporation, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, and expenses in connection with liquidation of insured institutions, liquidation or handling of assets of or derived from insured institutions, payment of insurance, and action for or toward the avoidance, termination, or minimizing of losses in the case of specific insured institutions: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with title IV of the Act of June 27, 1934, as amended (12 U. S. C. 1724-1730).

Home Owners' Loan Corporation: *Provided*, That not to exceed \$4,500,000 shall be available for administrative expenses, including the use of services and facilities of the Federal home-loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Federal Savings and Loan Insurance Corporation, which shall be on an accrual

1 basis and shall be exclusive of interest paid, depreciation,
2 properly capitalized expenditures, expenses (including serv-
3 ices performed on a force account, contract, or fee basis, but
4 not including other personal services) in connection with the
5 acquisition, protection, operation, maintenance, improvement,
6 or disposition of real or personal property belonging to said
7 Corporation or in which it has an interest, and legal fees and
8 expenses: *Provided further*, That notwithstanding any other
9 provisions of this Act, except for the limitation in amount
10 hereinbefore specified, the administrative expenses and other
11 obligations of said Corporation shall be incurred, allowed,
12 and paid in accordance with the Home Owners' Loan Act
13 of 1933, as amended (12 U. S. C. 1461-1468).

14 Federal Housing Administration: *Provided*, That in
15 addition to the amounts available by or pursuant to law
16 (which shall be transferred to this authorization) for the
17 administrative expenses of the Federal Housing Admin-
18 istration in carrying out duties imposed by or pursuant to
19 law, not to exceed \$17,624,000 of the various funds of the
20 Federal Housing Administration as follows: (1) The
21 mutual mortgage insurance fund; (2) the housing insur-
22 ance fund; (3) the account in the Treasury comprised of
23 funds derived from premiums collected under authority
24 of section 2 (f), title I of the National Housing Act, as
25 amended (12 U. S. C. 1701); and (4) the war housing

1 insurance fund shall be available for expenditure, in accord-
2 ance with the provisions of said Act for the administrative
3 expenses of the Federal Housing Administration, including,
4 in addition to mileage at a rate not to exceed 4 cents per
5 mile for travel by motor vehicle, reimbursement for the
6 actual cost of ferry fares and bridge, road, and tunnel tolls,
7 and employees engaged in the inspection of property, servic-
8 ing of loans, or the liquidation of delinquent accounts, may
9 be paid an allowance not to exceed 4 cents per mile for
10 all travel performed in privately owned automobiles within
11 the limits of their official posts of duty when such travel is
12 performed in connection with such inspection, servicing, or
13 liquidation; and not to exceed \$1,500 for periodicals and
14 newspapers; not to exceed \$1,500 for contract actuarial serv-
15 ices: *Provided further*, That all necessary expenses of the
16 Administration (including both services performed on a con-
17 tract or fee basis, but not including other personal services)
18 in connection with the acquisition, protection, completion,
19 operation, maintenance, improvement, or disposition of real
20 or personal property of the Administration acquired under
21 authority of titles I, II, and VI of said National Housing
22 Act, shall be considered as nonadministrative expenses for
23 the purposes hereof: *Provided further*, That, except as herein
24 otherwise provided, the administrative expenses and other
25 obligations, including nonadministrative expenses, of the

1 Administration shall be incurred, allowed, and paid in ac-
2 cordance with the provisions of said Act of June 27, 1934,
3 as amended (12 U. S. C. 1701) : *Provided further*, That
4 not to exceed \$3,000,000 of the funds (after allowance
5 for salaries and expenses as authorized under the heading,
6 "Salaries and expenses, National Housing Agency, Federal
7 Housing Administration") in the account in the Treasury
8 comprised of premiums collected under authority of section
9 2 (f), title I, of said Act, shall be available for the payment
10 of losses under insurance granted under section 2 and sec-
11 tion 6, title I, of said Act.

12 Liquidation of resettlement projects: Not to exceed
13 \$99,500 of the receipts derived from the operation of the
14 projects transferred under paragraphs 1 (g) and 6 of Exec-
15 utive Order 9070 of February 24, 1942 (7 F. R. 1529),
16 shall be available for necessary expenses in connection with
17 and to facilitate disposition of the improved or unimproved
18 lands in the suburban resettlement projects known as Green-
19 belt, Greendale, and Greenhills, pursuant to the provisions
20 of section 5 of the Emergency Relief Appropriation Act
21 of 1935 (49 Stat. 115), including temporary employment
22 of persons or organizations, by contract or otherwise with-
23 out regard to section 3709 of the Revised Statutes and the
24 civil-service and classification laws, for making surveys,

1 plans, and plats, and expenses of additions, alterations, and
2 improvements to streets and utilities.

3 Federal Public Housing Authority: *Provided*, That of
4 the amounts available by or pursuant to law for the adminis-
5 trative expenses of the Federal Public Housing Authority
6 in carrying out duties imposed by or pursuant to law (all
7 of which are hereby merged into a single administrative ex-
8 pense account), not to exceed \$18,000,000 shall be avail-
9 able for such expenses (including not to exceed \$3,882,400
10 of the funds available for administrative expenses for the
11 corporate program), including temporary employment of
12 persons or organizations, by contract or otherwise, for legal
13 or other special services, without regard to section 3709 of
14 the Revised Statutes and the civil-service and classification
15 laws; reimbursement for the actual cost of ferry fares and
16 bridge, road, and tunnel tolls; an allowance of not to ex-
17 ceed 3 cents per mile for official travel in privately owned
18 automobiles by employees within the limits of their official
19 stations; reimbursement at not to exceed 5 cents per mile
20 to personnel serving without compensation from the United
21 States for expenses of travel performed by them in privately
22 owned automobiles away from their designated post of
23 duty; and photographing equipment: *Provided further*,
24 That all necessary expenses of providing representatives of

1 the Authority at the sites of non-Federal projects in con-
2 nection with the construction of such non-Federal projects
3 by public housing agencies with the aid of the Authority,
4 shall be reimbursed or paid by such agencies, and expendi-
5 tures by the Authority for such purpose shall be considered
6 nonadministrative expenses, and funds received from such
7 payments or reimbursements may be used only for the pay-
8 ment of all necessary expenses of providing representatives
9 of the Authority at the sites of non-Federal projects or for
10 administrative expenses of the Authority not in excess of
11 the amount authorized by the Congress.

12 Defense Homes Corporation: *Provided*, That not to
13 exceed \$75,000 shall be available for administrative ex-
14 penses, which shall be on an accrual basis and which ex-
15 penses may include temporary employment of persons or
16 organizations, by contract or otherwise, for legal or other
17 special services, without regard to section 3709 of the
18 Revised Statutes and the civil-service and classification laws;
19 reimbursement for the cost of ferry fares and bridge, road,
20 and tunnel tolls; an allowance of not to exceed 3 cents per
21 mile for official travel in privately owned automobiles by
22 employees within the limits of their official stations; and
23 reimbursement at not to exceed 5 cents per mile to per-
24 sonnel serving without compensation from the United States
25 for expenses of travel performed by them in privately owned

1 automobiles away from their official stations: *Provided fur-*
2 *ther*, That such administrative expenses shall be exclusive
3 of interest paid, depreciation, properly capitalized expendi-
4 tures, repayment of loans, property operating expenses (in-
5 cluding project inventory), charges to surplus and operating
6 reserve, and cost of sales of commodities, services, and
7 property.

8 DEPARTMENT OF AGRICULTURE

9 Commodity Credit Corporation: *Provided*, That not to
10 exceed \$8,000,000 shall be available for administrative
11 expenses of the Corporation, including not to exceed \$400
12 for periodicals, maps, and newspapers, and not to exceed
13 \$30,000 for penalty mail: *Provided further*, That all neces-
14 sary expenses (including legal and special services performed
15 on a contract or fee basis, but not including other personal
16 services) in connection with the acquisition, operation,
17 maintenance, improvement, or disposition of any real or
18 personal property belonging to the Corporation or in which
19 it has an interest, including expenses of collections of pledged
20 collateral, shall be considered as nonadministrative expenses
21 for the purposes hereof: *Provided further*, That none of the
22 fund made available by this paragraph shall be used for
23 administrative expenses connected with the sale of Govern-
24 ment-owned or Government-controlled stocks of farm com-
25 modities at less than parity price as defined by the Agri-

1 cultural Adjustment Act of 1938 or the comparable price
2 as provided by section 4 (a) of the Act of July 1, 1941,
3 as amended (15 U. S. C. 713a-8) : and the method that
4 is now used for the purposes of Commodity Credit Cor-
5 poration loans for determining the parity price or its equiva-
6 lent for seven-eighths inch Middling cotton at the average
7 location used in fixing the base loan rate for cotton shall
8 also be used for determining the parity price for seven-
9 eighths inch Middling cotton at such average location for the
10 purposes of this proviso: *Provided further*, That the fore-
11 going shall not apply to the sale or other disposition of any
12 agricultural commodity substantially deteriorated in quality
13 (or in the case of perishable fruits, vegetables, and animal
14 products if there is danger of deterioration or of accumulation
15 of stocks) or sold for the purpose of feeding, or the extrac-
16 tion of peanut oil, or commodities disposed of for export
17 pursuant to section 21 (c) of the Surplus Property Act of
18 1944 (Public Law 457) or commodities sold to farmers
19 for seed or for new or byproduct uses, or commodities sold
20 for the purpose of establishing claims against persons who
21 have committed fraud, misrepresentations, or other wrong-
22 ful acts with respect to such commodities: *Provided further*,
23 That no wheat or corn shall be sold for feed at a price less
24 than the parity price of corn at the time such sale is made:
25 *Provided further*, That in making regional adjustments in

1 the sale price of corn or wheat the minimum price need not
2 be higher in any area than the United States average parity
3 price of corn: *Provided further*, That the Secretary of the
4 Treasury is hereby authorized and directed to discharge
5 \$921,456,561 of the indebtedness of the Commodity Credit
6 Corporation to the Secretary of the Treasury by canceling
7 notes in such amount issued by the Corporation to the
8 Secretary of the Treasury pursuant to section 4 of the Act
9 of March 8, 1938, as amended (15 U. S. C. 713a-4).

10 Federal Crop Insurance Corporation.

11 Federal Surplus Commodities Corporation: *Provided*,

12 That funds acquired by the Corporation as an agency of the
13 United States, other than funds transferred pursuant to the
14 Act of June 28, 1937 (50 Stat. 323), shall remain avail-
15 able to the Secretary of Agriculture for the purpose of
16 liquidation and dissolution of the Corporation: *Provided*,
17 *however*, That not to exceed \$40,000 of such funds may be
18 expended for administrative expenses during the fiscal year
19 1947.

20 Federal Farm Mortgage Corporation: *Provided*, That

21 not to exceed \$3,750,000 shall be available for administra-
22 tive expenses of the Corporation, including employment on
23 a contract or fee basis of persons, firms, and corporations for
24 the performance of special services, including legal services;
25 use of the services and facilities of Federal land banks, na-

1 tional farm-loan associations, Federal Reserve Banks, and
 2 agencies of the Government as authorized by the Act of
 3 January 31, 1934 (12 U. S. C. 1020-1020h) : *Provided*
 4 *further*, That except for the limitation in amount herein-
 5 before specified the administrative expenses and other obliga-
 6 tions of the Corporation shall be incurred, allowed, and
 7 paid in accordance with the provisions of said Act of Janu-
 8 ary 31, 1934, as amended (12 U. S. C. 1016-1020h) .

9 Federal Intermediate Credit Banks: *Provided*, That
 10 not to exceed \$1,500,000 shall be available for administra-
 11 tive expenses.

12 Production Credit Corporations: *Provided*, That not to
 13 exceed \$1,600,000 shall be available for administrative ex-
 14 penses.

15 Regional Agricultural Credit Corporation of Washington,
 16 District of Columbia: *Provided*, That not to exceed \$341,000
 17 shall be available for administrative expenses.

18 DEPARTMENT OF COMMERCE

19 Inland Waterways Corporation: *Provided*, That not to
 20 exceed \$624,000 shall be available for administrative ex-
 21 penses, including not to exceed \$3,600 for penalty mail:
 22 *Provided further*, That no funds shall be used to pay com-
 23 pensation of employees, except vessel employees, at rates
 24 in excess of rates fixed for similar services under the pro-
 25 visions of the Classification Act of 1923, as amended, and the

1 Federal Employees Pay Act of 1945, as amended: *Provided*
2 *further*, That no funds shall be used to pay the compensation
3 of vessel employees at rates in excess of rates prevailing in
4 the maritime industry.

5 Warrior River Terminal Company: *Provided*, That not
6 to exceed \$20,200 shall be available for administrative
7 expenses.

8 DEPARTMENT OF THE INTERIOR

9 Virgin Islands Company: *Provided*, That not to exceed
10 \$20,000 shall be available for administrative expenses.

11 DEPARTMENT OF JUSTICE

12 Federal Prison Industries: *Provided*, That not to ex-
13 ceed \$268,826 shall be available for administrative expenses.

14 DEPARTMENT OF STATE

15 Institute of Inter-American Affairs: *Provided*, That
16 not to exceed \$700,000 shall be available for administra-
17 tive expenses, and not to exceed \$4,000 shall be available
18 for penalty mail.

19 Inter-American Transportation: *Provided*, That not to
20 exceed \$50,500 shall be available for administrative ex-
21 penses and not to exceed \$100 shall be available for penalty
22 mail.

23 Inter-American Educational Foundation: *Provided*,
24 That not to exceed \$350,000 shall be available for adminis-

1 trative expenses, and not to exceed \$2,000 shall be avail-
2 able for penalty mail.

3 Inter-American Navigation Corporation: *Provided*, That
4 not to exceed \$3,200 shall be available for administrative ex-
5 penses and not to exceed \$50 shall be available for penalty
6 mail.

7 Prencinradio, Incorporated: *Provided*, That not to exceed
8 \$11,000 shall be available for administrative expenses related
9 to liquidation and not to exceed \$50 shall be available for
10 penalty mail.

11 WAR DEPARTMENT

12 United States Spruce Production Corporation: *Provided*,
13 That not to exceed \$10,000 shall be available for administra-
14 tive expenses until January 1, 1947, and thereafter all admin-
15 istrative duties and responsibilities shall be assumed by such
16 officers and employees of the War Department as the Secre-
17 tary of War may designate and who shall receive no addi-
18 tional compensation for such duties: *Provided further*, That
19 the Secretary of War shall take appropriate steps to secure
20 the final dissolution and liquidation of the said corporation at
21 the earliest practicable date.

22 TITLE III—GENERAL PROVISIONS

23 SEC. 301. Funds made available by this Act for admin-
24 istrative expenses shall be available, in addition to objects
25 for which such funds are otherwise available, for personal

1 services and rent in the District of Columbia or elsewhere;
2 lawbooks, books of reference, periodicals, newspapers, and
3 maps; printing and binding; examination of budgets and
4 estimates of appropriations in the field; contract stenographic
5 reporting services; travel expenses in accordance with the
6 Standardized Government Travel Regulations, the Sub-
7 sistence Expense Act of 1926, as amended (except as to
8 per diem rates outside continental United States), and the
9 Act of February 14, 1931, as amended (5 U. S. C. 73a);
10 and for the objects specified under the head "General pro-
11 visions" in title II of the Independent Offices Appropriation
12 Act, 1947, all the provisions of which title (except section
13 211), unless otherwise specified in this Act, shall be ap-
14 plicable to the expenditure of such funds: *Provided*, That
15 the head of any agency may exercise any authority vested
16 in him by said title II through such subordinate or subordi-
17 nates as he may designate for the purpose.

18 SEC. 302. In order to meet emergencies or contingencies
19 arising subsequent to approval of the Budget and not pro-
20 vided for in the Budget program, a corporation or agency
21 covered by the provisions of this Act may, with the approval
22 of the President, adjust its budget program to provide, within
23 the limits of available funds and borrowing authority, for the
24 immediate initiation of programs authorized by Federal law
25 and not specifically set forth in the Budget: *Provided*, That

1 the new program shall be promptly transmitted to the Con-
2 gress as an amendment to the Budget: *Provided further,*
3 That nothing in this section shall be construed as authority
4 for increasing the amount available for administrative ex-
5 penses under any limitation on such expenses.

6 SEC. 303. No part of any funds of any wholly owned
7 Government corporation shall be used for the purchase or
8 construction, or in making loans for the purchase or construc-
9 tion of any office building at the seat of government primarily
10 for occupancy by any department or agency of the United
11 States Government or by any corporation owned by the
12 United States Government.

13 SEC. 304. Funds of the corporations and agencies cov-
14 ered by the provisions of this Act shall be available for main-
15 tenance, operation, and repair of passenger automobiles and,
16 except as otherwise provided herein, shall be available for
17 purchase of passenger automobiles only for replacement of
18 nonserviceable vehicles.

19 SEC. 305. Any funds of, or available for expenditure by,
20 any corporation or agency included in this Act, which are
21 not subject to audit by the General Accounting Office under
22 the provisions of the Government Corporation Control Act
23 (Public Law 248, Seventy-ninth Congress) or other law,
24 shall be accounted for and audited in accordance with the
25 Budget and Accounting Act, as amended, and no such fund

1 shall be obligated or expended unless and until an appropriate
2 appropriation account shall have been established therefor
3 pursuant to an appropriation warrant or a covering warrant:
4 *Provided*, That this section shall not be so construed as to
5 modify or repeal any provision of any other law respecting
6 warranting, accounting for, and auditing of funds.

7 SEC. 306. No part of the funds of or available for ex-
8 penditure by any corporation or agency included in this Act
9 shall be used to pay the salary or wages of any person who
10 engages in a strike against the Government of the United
11 States or who is a member of an organization of Govern-
12 ment employees that asserts the right to strike against the
13 Government of the United States, or who advocates, or is a
14 member of an organization that advocates, the overthrow of
15 the Government of the United States by force or violence:
16 *Provided*, That for the purposes hereof an affidavit shall be
17 considered prima facie evidence that the person making the
18 affidavit has not contrary to the provisions of this section
19 engaged in a strike against the Government of the United
20 States, is not a member of an organization of Government
21 employees that asserts the right to strike against the Govern-
22 ment of the United States, or that such person does not advo-
23 cate, and is not a member of an organization that advocates,
24 the overthrow of the Government of the United States by
25 force or violence: *Provided further*, That any person who

1 engages in a strike against the Government of the United
2 States or who is a member of an organization of Government
3 employees that asserts the right to strike against the Govern-
4 ment of the United States, or who advocates, or who is a
5 member of an organization that advocates, the overthrow of
6 the Government of the United States by force or violence
7 and accepts employment the salary or wages for which are
8 paid from any funds available to any corporation or agency
9 included in this Act shall be guilty of a felony and, upon con-
10 viction, shall be fined not more than \$1,000 or imprisoned
11 for not more than one year, or both: *Provided further*, That
12 the above penalty clause shall be in addition to, and not in
13 substitution for, any other provisions of existing laws.

14 SEC. 307. This Act may be cited as the "Government
15 Corporations Appropriations Act, 1947".

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79TH CONGRESS
2^D Session

H. R. 6777

[Report No. 2269]

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

By Mr. MAHON

JUNE 13, 1946

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—JUVENILE COURT OF THE DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk and, together with accompanying papers, referred to the Committee on the District of Columbia and ordered to be printed, with illustrations:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, a communication from the judge of the juvenile court of the District of Columbia, together with a report covering the work of the juvenile court for the fiscal year ended June 30, 1945.

HARRY S. TRUMAN.

The WHITE HOUSE, June 13, 1946.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the Appendix of the RECORD and include the Navy casualty list for Mississippi for World War II.

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include a very good article from Nicholas Latchford, printed in the Washington Daily News of June 12 under the title "Family Allowances Plan Adopted by Other Countries."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WOLCOTT. Mr. Speaker, I renew the request I made the other day to extend my remarks in the Appendix of the RECORD and include an address by Maj. Gen. Ray A. Porter before the national security committee of the Veterans of Foreign Wars entitled "Universal Military Training." This exceeds the two-page limit established by the Joint Committee on Printing. I am advised by the Public Printer that it will take approximately three pages and cost approximately \$180.

The SPEAKER. Notwithstanding the excess, without objection the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. DONDERO asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. PRICE of Illinois asked and was given permission to extend his remarks in the RECORD and include a letter from the Illinois Division of Labor.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include excerpts from an editorial in the teamsters' union paper. The editorial is headed "How to crack the cotton bloc."

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE TEAMSTERS UNION WOULD "CRACK THE COTTON BLOC"

Mr. RANKIN. Mr. Speaker, Dan Tobin, of the teamsters union, has solved the problem of how to destroy the cotton industry in America. He comes and advises people "Don't buy cotton."

When he attacks the cotton bloc he is, of course, attacking not only southern Congressmen, but the cotton growers of all the Southern States.

Cotton is the one commodity upon which our balance of foreign trade depends.

There is not a well-clothed human being, or half-clothed being, on earth today who is not in touch with cotton all the time. It furnishes work for more laboring people, in field and factory, than any other one commodity on earth. It adorns the rich; it clothes the naked, and it feeds the hungry; it warms the poor. It is the greatest of America's products. Yet Dan Tobin's teamsters union would destroy it if he could in order to punish the southern people whom he cannot dominate and southern Congressmen whom he cannot control.

The SPEAKER. The time of the gentleman from Mississippi has expired.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

Mr. MAHON, from the Committee on Appropriations, reported the bill (H. R. 6777), making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes (Rept. No. 2269), which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. JENSEN reserved all points of order on the bill.

PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE COST OF DISPOSING OF SURPLUS PROPERTY

Mr. TABER. Mr. Speaker, I have in my hand the Treasury statement for the 31st of May, for the month of May.

The total expenditures for the surplus property disposal agency was \$35,981,000. The total receipts according to the Treasury statement were \$41,283,000. In other words, the receipts for the disposal of surplus property exceeded the expenditures by only \$6,000,000.

PERMISSION TO ADDRESS THE HOUSE

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE PARIS PEACE CONFERENCE

Mr. DIRKSEN. Mr. Speaker, in a few days the Secretary of State and his aides will journey to Paris for another effort—and for ought one knows—a final effort to reach an agreement with the Soviet representatives on the unsolved problems which seem to stand in the way of an ultimate peace.

In his recent report to the American people Secretary Byrnes stated that progress at the recent Paris Conference of Foreign Ministers was disappointingly small and Senator VANDENBERG stated that the conference was not a success in gaining agreement on several key questions and considered it unfortunate that greater progress cannot be reported.

Meanwhile, it might be inferred from the observations made by a Member of another body recently—Senator PEPPER—that the Congress and the American people are not solidly behind the endeavors and purposes of the American delegation to the conference.

Every American citizen, and every Member of Congress should vigorously applaud the efforts already made by the American delegation and congratulate it's members on the unity of purpose and objective which they have developed among themselves. As they prepare to enter the diplomatic tournament again to salvage freedom and bring new hope to peoples who feel the heel of oppression behind that awful shroud so commonly referred to as the "iron curtain," let us assure them now that we, the representatives of the people in the Congress of the United States stand firmly behind their endeavors.

Let us assure our delegation now—before it departs for this momentous conference—that with a firmness that is in the best tradition of America, we expect them to face up to the arrogance, the sniping, the lack of cooperation and the exorbitant demands which has thus far characterized the actions of the Soviet delegation.

Let us make it emphatically known now that we do not regard with equanimity, the discourteous and uncooperative treatment accorded the Pauley mission in Korea, the constant effort to undermine MacArthur in Japan, the circumvention in Iran, and the steadfast effort to continue chaos and confusion in Europe.

Having generously provided the Soviet Union with eleven billion of lend-lease goods and supplies in the interest of victory, without special hope of repayment, we are becoming a bit concerned with virulent Soviet propaganda and their attacks upon our motives, with the constant effort to magnify the indiscretions of American GI's in order to provoke ill-will toward this country; with the daily barrage of pro-Soviet propaganda that reaches congressional desks every morning under the imprint of one group or another in eastern Europe which is under Soviet domination; with this unconscionable abuse of our hospitality; with

this determined effort to sabotage peace and freedom behind the impenetrable folds of an "iron curtain"; with this indefensible attack upon a former respected official of the United States because he uttered a few words of welcome for the Polish hero who defended Warsaw; for the studied effort to keep the Allied Control Commission in Berlin in a state of impotence; for the effort to continue instability and chaos to the end that the Communist ideology might be extended to other parts of the world.

The greatest service that this country can render to the world, to itself, and to the people of the Soviet Union who must entertain an abiding hope for peace and an earnest desire for amicable relations with the people of the United States is for the American delegation to proceed firmly with its endeavors to effectuate an early and equitable peace and to reassert the determination of this country that freedom, self-determination, and the principles of the Atlantic Charter shall not be destroyed by imperialism and selfishness.

We are willing to do our full share to feed the starving and destitute peoples of Europe and Asia, but in proportion as order and stability are restored and production can go forward, the strain upon our own dwindling food reserves will be relieved. I for one believe—and this is a wholly personal point of view—that the immediate and future implications which are involved in these unsolved problems is so momentous that the President might well transfer General MacArthur to Germany to address his special talents to the restoration of stability and the salvation of those values for which young Americans so freely sacrificed and died.

EXTENSION OF REMARKS

Mr. PLOESER asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. GRANT of Indiana (at the request of Mr. PLOESER) was given permission to extend his remarks in the RECORD and include certain excerpts.

Mr. DIRKSEN asked and was given permission to revise and extend his remarks.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate continue for a little while and that the time be equally divided between the gentleman from Iowa [Mr. JENSEN] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Texas?

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6777, with Mr. WHITTINGTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MAHON. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, during my service as a Member of Congress I have had no more interesting assignment than the chairmanship of the Subcommittee on Appropriations handling this bill. For the first time in the history of the Government of the United States a committee of Congress is presenting to the Congress a single bill involving the programs and appropriations for all the wholly owned Government corporations. This is a very significant thing—a very important moment in the affairs of our Government; it is a forward step, the most forward step, perhaps, taken in years in regard to the fiscal affairs of the Government of the United States.

Mr. Chairman, this significant step is being taken by the House today by reason of legislation which was enacted last year and which was approved by the President on December 6, 1945. The legislation to which I refer is the Government Corporations Control Act.

IMPORTANCE OF GOVERNMENT-OWNED CORPORATIONS

At first glance this question of Government-owned corporations may seem to be a most uninviting, forbidding, and unimportant subject, but a little survey of the situation will reveal that such is not the case.

The economy of this Nation has been in the past and is today very vitally affected by the operation of Government corporations. I had almost said that it would be easier to enumerate the enterprises in this country which are not directly or indirectly affected by Government corporations than to enumerate those which are affected by these corporations. I am trying to point out this fact, that the economy of our country, in agriculture, in industry, and otherwise, is very directly affected by the operations of these Government corporations. The amount of money recommended for appropriation by this bill is relatively small; the amount being \$45,000,000. But that is no yardstick by which to judge the programs of the Government-owned corporations. The Government-owned corporations in the fiscal year 1947, the year beginning the first of next month, will expend in excess of \$17,000,000,000. So it will readily appear that the functions and operations of these Government-owned corporations are very important indeed to all and to each of the 140,000,000 American citizens.

TYPES OF PROGRAM

Government-owned corporations have the sole responsibility of maintaining prices for cotton and grain and other agricultural products, a program which is carried out by offering loans of 92½ percent of parity on cotton and 90 percent of parity on other basic farm crops—

such support prices being guaranteed by Congress for a period of at least two more years. Government-owned corporations are undertaking in South America to promote the good-neighbor policy. Government-owned corporations are financing the sale of American cotton and American products in a dozen nations around the world. Government-owned corporations are contributing to the splitting of the atom down in the State of Tennessee. Government-owned corporations are making loans to banks and big business on Wall Street, and making loans to little businesses on Main Street throughout the length and breadth of the land. Government-owned corporations are undertaking to help provide housing for veterans and other citizens. Government-owned corporations are dealing in crop insurance for certain important farm crops. Government-owned corporations have a direct or indirect relationship to many loans that are made in this country for the promotion of home ownership on the farms and in the cities. Government-owned corporations have to do with transportation on the Mississippi River, with the acquisition of rubber from the jungles of South America, with production of sugar cane in the Virgin Islands, with the conduct of the Panama Railroad Co. and the operation of a steamship line between New York and the Canal Zone. Government corporations are providing loans to the Rural Electrification Administration which are being used by the REA to help turn on the lights all over rural America. This is an enumeration of only a few of the things which are being done by Government-owned corporations.

Does it not then appeal to the wisdom of the House that these far-reaching operations should be annually brought before the House of Representatives in order that the House might have the real story of what is happening in this far-flung enterprise of Government-owned corporations? Some of these corporations have gone far afield. Congress has created these agencies and seemingly has walked away and forgotten about some of them, and has permitted them to run their own unhindered way, which in every instance has not been in the public interest. So I say with every degree of confidence that it is high time, indeed, that the Congress do what it is doing today in this House; that we take a long look at what these gigantic institutions are doing, and determine whether or not they shall continue to do as they are doing. It is for us to determine to what extent they shall continue to operate; what changes may be made in their operations in order that the public interest may be promoted and protected.

If you should look at the hearings you would find approximately 1,500 pages of printed testimony which was presented to our committee. This is the first time in the history of the Government that there has been assembled in one volume such a wealth of information in regard to these corporations, some 40 in number. This could well be a book of source material for our use and consideration in the future.

The report, which has been made through the cooperation of our able clerk, Mr. George Harvey, is virtually a textbook on the program of Government-owned corporations. There are many of these organizations. There are all types of Government-owned and partially owned corporations, about 105 in number. The wholly owned corporations number about 40.

LIQUIDATION PROVISIONS

The Corporations Control Act of 1945 very wisely provides that the operations of these corporations owned by the Government shall be surveyed, and that in cases where they are not chartered by the Federal Government prior to 1948 they shall be put into a program of liquidation beginning in 1948, in order that we may clean house of some of these agencies which do not have an important and vital part in our governmental economy. It will therefore be up to the Congress to determine in the very near future just which of these corporations that have been organized under laws other than those passed by the Congress shall be permitted to continue.

As I said, these corporations are of varied parentage, some of them almost of uncertain origin. Some of them are Delaware corporations, one of them is a Tennessee corporation, and some are Maryland corporations. One is incorporated under the laws of a municipality, I believe, down in the Virgin Islands. They have sprung up in a most haphazard way, but under the present program of the Congress they will be brought under rein and check.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I am interested in the last statement as to the origin and genesis of many of these corporations. I wonder if the gentleman could discuss the attitude of the committee with respect to the corporations that are formed by virtue of the actions of the Board of Directors of the Reconstruction Finance Corporation. There are numerous corporations that have as their genesis merely the passage of a resolution by the Board of Directors of the Reconstruction Finance Corporation setting up that so-called corporation.

I have always wondered at the legal background of a corporation that was created with bylaws and articles adopted by the Board of Directors of the RFC and having and exercising all the powers of a corporation when as a matter of fact its creator was not a sovereign entity but was a creature of the Congress which set up the RFC. In other words, I always felt that the creation of a corporation and the investment of corporate powers in a corporation was the surrender to that corporation of a certain sovereignty possessed by a sovereign institution. We gave the power to the RFC, and it in turn charters such corporations as the Defense Plants Corporation and others that I might name. I wonder if the committee gave any consideration to the legality, if you please, of corporations organized in that manner.

Mr. MAHON. I thank the gentleman for his very interesting question and I yield to the gentleman from Tennessee [Mr. GORE], who is seeking recognition.

Mr. GORE. In reply to the inquiry of the gentleman from Wisconsin, the committee did give consideration to the entire subject matter. The facts are that the Reconstruction Finance Corporation now has four subsidiaries, but the RFC does not have authority to create further subsidiary corporations.

MEMBERSHIP OF THE COMMITTEE

Mr. MAHON. I thank the gentleman for the statement which he has made. I was just about to say that this subcommittee of the Committee on Appropriations is made up of five members appointed this year, following the passage of the act last December. The able gentleman from Mississippi, Mr. JAMIE WHITTEN, the ranking majority member, and the gentleman from Tennessee, Mr. ALBERT GORE, serve on the majority side with me. They have served with great understanding, diligence, and industry. They are legislators of superior ability. I wish to express my appreciation for what they have done and are doing in the public interest. Of course, I cannot make that statement without referring to the gentleman from Iowa, Mr. BEN F. JENSEN, the ranking minority member, and the gentleman from Missouri, Mr. FLOESER, the other minority member, who likewise have struggled with us in a very able and patriotic and statesman-like way, if I may say so, in trying to present to the House a worth-while report and bill.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Mr. Chairman, I want to express my personal appreciation of the work which the subcommittee has done on this bill. The presentation of this bill to the Congress constitutes a landmark in the fiscal policy of the Government. It is highly appropriate that the distinguished gentleman from Mississippi [Mr. WHITTINGTON] should occupy the Chair at this time, for he is entitled to a great deal of credit for the existence of the Government Corporations Control Act.

The Government Corporations Control Act was originally or popularly known as the Byrd-Butler bill and was introduced in the other body. During the consideration of the independent offices appropriation bill a year ago last January, the gentleman from Massachusetts [Mr. WIGGLESWORTH] spoke of the need for a stricter control over the financial operations of the Government corporations.

Agreeing with him as I did, because of matters which had come to our attention in hearings on the independent offices bill and because of the need for a full audit by the General Accounting Office in some of our operations in the Canal Zone which had come to my attention in our hearings on the bill for the civil functions of the War Department, I had studied the Byrd-Butler bill which was then pending in the Senate, so I introduced that bill in the House.

It was assigned the number H. R. 2051. The gentleman from Mississippi [Mr. WHITTINGTON] who, I know had given a great deal of study to the matter, also introduced the bill and it became H. R. 2177.

In fact, the gentleman from Mississippi is the one who is entitled in the House to the credit for the passage of this legislation, although I shared with him the pleasure of going down to the White House at the time the President signed the bill when each of us was given one of the pens with which the President signed the bill. But it was the gentleman from Mississippi who followed through on the matter in the Committee on Expenditures in the Executive Departments and was primarily responsible, in my judgment, for the passage of the committee-revised bill (H. R. 3660) in the House of Representatives although I would not minimize the work of the gentleman from Massachusetts [Mr. WIGGLESWORTH], whose repeated revelations on the operations of Government corporations laid a groundwork for action.

The Congress approached this problem in the so-called Byrd amendments to another measure with which I had something to do in the House. But that action would have effectively reached only the problem of auditing. We needed not merely auditing; we needed budgetary control if Congress was to have any effective voice in the operations of these Government corporations.

The problem is complex. You deal with a variety of enterprises with a variety of authorizations in basic law. It was a difficult job to work out a workable control law and I know that the Appropriations Subcommittee had to study a large number of basic laws and conduct exhaustive hearings in order to write this first appropriation bill in this field.

So it is with particular pleasure at this time that I express my appreciation for the work of the subcommittee which is now presenting the first of the appropriation bills to budget and control the expenditures of Government corporations.

Mr. MAHON. I thank the gentleman from South Dakota.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MAHON. Mr. Chairman, I yield myself 15 additional minutes.

I thank the gentleman from South Dakota for his timely observations in regard to the work which has already taken place on this bill, and particularly the work which has been done by the present occupant of the chair, the gentleman from Mississippi [Mr. WHITTINGTON].

DIFFICULTIES ENCOUNTERED IN SECURING NECESSARY INFORMATION

I shall not begin a discussion of the details of this bill with an apology, because I think the Members of the House will understand the difficulty under which we have operated. In trying to survey the operations of agencies which will have to do with the expenditure of \$17,000,000,000 during the next year, we found ourselves with quite a task. The bill providing the legislation had only become law

in December. The legislation provides for an annual audit by the Comptroller General of the United States of the operations of all of these agencies. It cannot be said in criticism of the Comptroller General that he failed to use due diligence in providing us with the audit which we so badly needed. It was not physically possible for the Comptroller General to audit all of these corporations and get those audits before our committee in time for us to have the benefit of that information prior to presenting the bill to the House. So it can easily be seen that on succeeding years, when these audits are made available to the committee and to the Congress, a much better job can be done by the Congress. This is the first step taken.

Almost the day after we got the estimates from the Bureau of the Budget it was necessary for us to begin hearings. We began our hearings on April 11. I may say in explanation of the difficulty confronting the Budget, that the Bureau of the Budget had little time to prepare the material for submission to Congress, but I am sure the Bureau did the best it could under the circumstances. We were not satisfied with all of the statements which were given, and with the language which was suggested, and we made changes in line with the best judgment of the committee in that connection.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. You have a very interesting subject. Soon we will have before us a bill limiting the direct public debt to \$275,000,000,000, which the public knows is about \$273,000,000,000 now. What I want to know and what our people ought to know is the liability of the Government by these corporations, which is a vast sum already. When we tell our people the limitation of the public debt is \$275,000,000,000 we are not telling the truth, of course. The liability under these corporations is very great. Have you any figures on that?

Mr. MAHON. Each corporation submitted to us in the Budget document a most interesting and comprehensive statement in regard to the various obligations and fiscal affairs of such corporation.

Mr. GIFFORD. You know that those corporations own a great deal of property that must be disposed of at a terrific loss, so that the money involved, which we have guaranteed amounts to a vast sum. The gentleman from Massachusetts [Mr. WIGGLESWORTH], presented some figures in the CONGRESSIONAL RECORD, but I want to know our liability outside of the direct public debt.

Mr. MAHON. I cannot give the gentleman the exact figures because, for one reason, we do not yet have a direct and complete audit.

Mr. GIFFORD. Can the gentleman give it within \$10,000,000,000?

Mr. MAHON. We do not have a complete audit, but the Budget message, which is not now before me, contains comprehensive estimates as to outstanding obligations of each corporation.

Mr. GORE. If the gentleman from Texas will yield, I will be glad to supply figures in reply to the interrogatory.

Mr. MAHON. I yield.

Mr. GORE. The total liabilities of all wholly Government-owned corporations as of June 30, 1946, will be \$17,063,653,000; and to offset that the total assets as of the same date are estimated to be \$16,447,517,000.

Mr. GIFFORD. I thank the gentleman, but that is an estimate. A very great Senator from another body thought that probably we could not realize over 50 percent of those assets.

Is it possible there is only \$17,000,000,000 liability? The liability on insurance alone is between forty and eighty billions of dollars.

Mr. GORE. Mr. Chairman, will the gentleman yield further?

Mr. MAHON. I yield to the gentleman from Tennessee.

Mr. GORE. The gentleman from Massachusetts should not misinterpret the term "estimate" as I use it, because it includes fixed assets like good loans receivable, \$3,791,000,000; land, structures, and equipment \$8,831,000,000; cash and appropriated funds is a considerable item; and sound investments run to another large figure.

So in further answer, if the gentleman will yield further, this is more than just a loose estimate; it is a responsible evaluation of the liabilities and the assets of Government-owned corporations furnished by the Bureau of the Budget to the committee upon the most responsible authority and after the most diligent study that could be given it in the length of time available between passage of the Government Corporations Control Act and the time at which this information had to be submitted to the Appropriations Committee.

Mr. GIFFORD. The only remark I care to make is that it does not square with what the gentleman from Massachusetts [Mr. WIGGLESWORTH] has stated. The liability of the Government is vastly more than \$17,000,000,000.

Mr. MAHON. Let me state that the Government-owned corporations themselves are not necessarily a liability. Many of the operations of these corporations have been most successful financially. For example, we could take the Commodity Credit Corporation with its far-flung program of supporting the price of agricultural products. The Commodity Credit Corporation by these operations has in many instances while supporting the price of agricultural products also made money for the taxpayers of the United States. That was true with respect to cotton and I think the same could be said with respect to certain other commodities.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. CASE of South Dakota. I am interested in the gentleman's observation that the Commodity Credit Corporation has made money for the taxpayers, in view of the fact that apparently it incurred obligations of \$921,000,000.

I note that, instead of making an appropriation to the Commodity Credit

Corporation, the committee followed what was permissible under what I think is a bad law and directed the Secretary of the Treasury to cancel notes of the Commodity Credit Corporation in the amount of that \$921,000,000. That, of course, is a bit of delicate bookkeeping that ought not to be lost sight of just because it is covered by a little figure "1" inside of a couple of things-called parentheses, referring to a footnote in very small type. But there is \$921,000,000 there which represents a cost to the taxpayers of the country for the operations of the Commodity Credit Corporation which, to be sure, the Congress authorized; nevertheless when you talk about their making money it ought to be realized that it has also cost the taxpayers \$921,000,000 in canceled obligations of the Treasury.

CONSUMER SUBSIDIES

Mr. MAHON. I thank the gentleman for raising that very pertinent and important question which I myself expected to raise a little later in the discussion of this item. While some of the programs of the Commodity Credit Corporation have been financially successful others have not been financially successful.

For example, this \$921,000,000 in notes owed to the Treasury by the Commodity Credit Corporation, which we propose to cancel by this bill, represents money paid out of the Treasury of the United States for consumer subsidies. This consumer subsidy program was approved by Congress, but it was a program with which I personally disagreed, and which I have opposed as unsound. In other words, by law, the Commodity Credit Corporation was directed to help pay the grocery bill of the people of the Nation in that the Commodity Credit Corporation was told to pay out Government money for consumer subsidies on milk amounting to hundreds of millions of dollars. There were, and are, consumer subsidies on many other commodities, and it is well understood by all that there is no possibility for any financial good to come to the Treasury or to the Commodity Credit Corporation. It was simply in keeping with the policy of this administration to use this device in an effort to hold down the price of consumer goods in order to prevent inflation. All of us oppose inflation, but the consumer subsidy policy was a policy with which I personally did not agree, but it was, nevertheless, the policy of the Congress in dealing with this important question.

Some losses were also incurred by the RFC. The RFC in its business enterprises has been a success and has made money for the taxpayers of the Nation, but in its capacity of dishing out funds upon the mandate of Congress for subsidies on butter, for example, it has not been financially successful. The RFC pays subsidies on butter in order to reduce the board bill of the people of America, a program which some of us did not sponsor and did not approve. Obviously it would not be possible to make money on a transaction when you are paying out subsidies to stimulate production or to reduce the cost of living of the consumers of the Nation.

Mr. CASE of South Dakota. The gentleman has made a very fine statement and the statement he has made is his best qualification for being chairman of the subcommittee handling this Government corporation appropriation bill, because in the statement he has made he states that he does not believe in these consumer subsidies, which is a mark of qualification, in my judgment, and gives to the people of America a guarantee that as far as the Appropriations Committee is concerned in its handling of these Government corporations it is not going to encourage that policy, at least it is not going to forward that policy of ledgerdom by which we pass on to our grandchildren the grocery bill of the people of today.

Mr. MAHON. I thank the gentleman for his generous statement.

There were other losing ventures on the part of the corporations that I might mention. For example, there was our program in rubber development. As we all recall, when we entered into the war we found our stock pile of rubber was not adequate and a desperate, frenzied effort was made to augment the supply of rubber. We went down into South America on what was obviously a losing financial venture but one that was very important to the security of our Nation. We spent money down there in order to stimulate a program of getting out of the jungles of South America all of the available raw rubber that could be found. There were many other war programs which were carried out at a financial loss but which were extremely important in the winning of the war.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Ohio.

Mr. THOM. I believe the Home Owners' Loan Corporation is covered by this appropriation bill. It is my understanding that when this Corporation winds up its affairs, which will occur shortly, it will show not a dollar of loss and, as a matter of fact, will return its capital stock to the United States Treasury. Is that correct?

Mr. MAHON. The gentleman is correct. The Home Owners' Loan Corporation has been a financially successful venture.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. MAHON. Mr. Chairman, I yield myself 15 additional minutes.

Mr. Chairman, at the time the program was started it was necessary to try to bail out the home owners of this Nation in order to prevent a complete collapse. It was not only necessary to help bail out the home owners or the would-be home owners who had not discharged their indebtedness on homes, but it was necessary to take that step in order to protect the banks and the lending corporations that were threatened with collapse at the same time. So, while I deplore the activity of any Government corporation which is not performing a useful service, my hat is off to those corporations that are performing a worthwhile service in the interest of our country.

AIDS TO AGRICULTURE

Since we have been engaging in some discussion about the problems of agriculture, and since Government corporations have such a vital part in the program of agriculture, I think I should like at this time to make further reference to the subject. The four corporations comprising the Farm Credit Administration came before us through their representatives and presented their programs with respect to agriculture and farm loans. The able Governor of the Farm Credit Administration was the principal witness. There was also presented to us the program of the Federal Crop Insurance Corporation. We found that this program is not one of those successful projects from the standpoint of the taxpayer; that the Crop Insurance Corporation incurred a deficit in 1945 to the extent of some \$14,000,000. There are some of us who take issue with the Crop Insurance Corporation with respect to certain aspects of the Administration's program and certain requirements and regulations which we feel are not in the best interest of the farmer. But nevertheless, the Democratic Party and the Republican Party in their national conventions have placed their stamp of approval on the principle of crop insurance, and it is the policy of the Congress today to undertake to make it work. It is not working successfully at this time. There are many shortcomings, and there is a loss confronting the Treasury from year to year, but it is hoped that with experience many of these difficulties and problems can be solved and that we will have what we all, I think, would like to see, a workable crop insurance program which will pay its own way and give additional security to the farmers of the country. Some of the unsatisfactory features of the present program are discussed in detail in the printed hearings.

As I have already pointed out, perhaps the Commodity Credit Corporation is the most important of all the agencies of the Government when it comes to stabilizing agriculture. It is this corporation upon which we must rely to stabilize agricultural prices during the 2-year period following the declaration of the end of hostilities, and we have dealt as kindly as we could, consistent with the public interest, in providing funds for and in making limitations on this agency. It is for the reason that we want the Commodity Credit Corporation to remain strong and virile and able to do the job for the farmers of the Nation that we proposed the cancellation of \$921,000,000 worth of notes to the Treasury. We did not want this impairment of the capital stock, which was largely brought about by the payment of consumer subsidies, to prove too great a weight for the corporation to carry.

Some reference has been made to the Federal Loan Agency and its numerous Government corporations; to the Export-Import Bank; to the National Housing Agency which, through its comprehensive and complicated program, is undertaking to stimulate the housing program of this Nation, which is certainly one of the most urgent problems confronting

the American people, particularly the veterans of the late war and their families.

I might make some reference to the fact that we have recommended the liquidation of some of the corporations having to do with inter-American affairs. A couple of these corporations already are in process of liquidation. However, the Institute of American Affairs and the Inter-American Educational Foundation had committed our Government to certain programs in Central and South America. In order that we might keep faith, we have provided appropriations to take care of commitments which have previously been made.

TENNESSEE VALLEY AUTHORITY

I should not conclude my remarks without making reference to the Tennessee Valley Authority. The Tennessee Valley Authority has begun to repay some of its obligations to the Government, having made the first payment of \$12,500,000, in December 1945. About \$800,000,000 has been invested in the Tennessee Valley Authority. The TVA has earned very considerable revenue, but through act of Congress has been permitted to utilize that revenue in carrying on and expanding its programs.

We would have been in desperate straits during the war if it had not been for this great program of the TVA, which gave us the power to go forward in our aluminum program and various other programs at a rapid rate in order that we might prepare ourselves for the emergencies of the war. It was through TVA that much of the work of the splitting of the atom was made possible. The committee pay tribute to the TVA for what it has done, but respectfully suggests in the report that a schedule of repayments to the Government now be inaugurated and that the TVA undertake in the next 40 years to reimburse the Federal Government for that portion of the investment which has to do with the generation of electric power.

The committee has provided for a reduction in the Budget estimate for the TVA in the amount of \$9,000,000, a sum which had been requested for the construction of a dam. The purpose of the committee in making this reduction was to permit materials which would of necessity be used in the construction of the dam to be used in veterans' housing and otherwise. This program was suspended at the beginning of the war or shortly thereafter, and while the work is to some extent completed, we did not feel that a further delay would be cut of order. For that reason, we made certain reductions in the program of the TVA.

CONCLUSION

Mr. Chairman, the programs of the Government corporations are so big and so varied that it would be impossible for anyone to cover this vast subject in the time allotted to the committee this afternoon. I have never served upon a committee or a subcommittee of the Congress where the members showed such concern and interest in the problems at hand. My responsibility as chairman has been lessened because each member

of the committee has been alert to the problems confronting us, and is able to assist the House in securing information and arriving at what I hope will be a proper solution of any question which may arise on the floor.

Mr. JENSEN. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, we have listened to the very able explanation of this bill by our very distinguished chairman, the gentleman from Texas [Mr. MAHON]. It is a privilege to be a member of a committee with such able and conscientious gentlemen as are my colleagues on this committee. We have worked long, earnestly, and diligently to do the very best kind of job we possibly could do under rather difficult circumstances.

Had it not been for the able assistance of our clerk, Mr. George Harvey, the job would have been almost unbearable. I am happy to give him much credit. We finally finished the hearings, marked up the bill, brought the bill to the full committee this forenoon, and now it is here on the floor of the House for consideration, and we trust our colleagues and the American people will bear with us, knowing this is a new venture for a congressional committee, that we had no precedent to follow, and further that the committee, as is most every committee of Congress, understaffed so far as getting needed information is concerned.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I am glad to yield to my good friend, the able Congressman at Large, from the great State of Ohio.

Mr. BENDER. While the gentleman is paying tribute to the chairman of the subcommittee the gentleman from Texas [Mr. MAHON] and its other members and the clerk of the committee, I think it is entirely in order for me to say that the gentleman now addressing the House, the gentleman from Iowa [Mr. JENSEN] is a very modest and self-effacing man and has contributed a great deal to the Committee on Appropriations and to this subcommittee and deserves the congratulations of the House. He has our respect because of his devotion to his job.

Mr. JENSEN. I appreciate the kind words of my good friend from Ohio, but I must say I have felt less adequately equipped to perform this function as a member of this committee than on any other undertaking which I have ever undertaken. I think most everyone can understand what a job it is to go into the working functions of these many Government corporations and bring to the floor of Congress, and to the American people, a clear picture of just how the corporations function, what their duties are, and how we can best bring them under the control of Congress, the representatives of the people for the general good of the taxpayers of America and all the people. The minority members of the subcommittee who are the gentleman from Missouri [Mr. PLOESER] and myself have agreed substantially with most everything in this bill and in the report which is here submitted in relation to the bill. The sessions were very harmonious. We have high regard for each other. But there were a few

matters on which we could not come to a meeting of the minds. In fact, we were so far apart that the minority members felt it plain our duty to submit minority views on those particular points by submitting a minority report.

While it is true it is an unusual thing for the minority members of an appropriation subcommittee to do, but because of the unusual situation with which we were dealing, and because it is a new venture in the duties and responsibilities of members of a committee of Congress, we felt it was the right and proper procedure.

The big question in issue is section 302 of the bill, which the minority after much study believe gives the President more power than any President should have. We think it is not necessary. We think that the Government corporation has sufficient latitude to operate efficiently to the benefit of the American people without giving the broad authority provided in section 302 of the bill. So at the proper time a motion will be offered to strike out that entire section of the bill.

Also another amendment will be offered.

Many of these Government corporations are incorporated under the laws of different States, as you will note on page 2 of the report, which gives the name of the corporation and the State in which it was incorporated. Some of these corporations are instituted under Federal charter.

As our chairman has pointed out, a number of these corporations are to be liquidated. All of them must be liquidated by June 30, 1948, except where they are continued by an act of Congress. Some of the State laws are very liberal. The laws of the State of Delaware, for instance, provide that a corporation has a 3-year period after application has been made for liquidation before the books of that corporation can be closed. During that time administrative staffs must be maintained—possibly greater staffs than are necessary.

While, we want to give plenty of time for anyone who has a claim against this Government to present his claim and have it considered, it does appear that 3 years is more time than is necessary. I was surprised to note that these Government corporations had full authority to pay all claims that might be filed against them, or to settle them in any way they see fit. That is more power, I am sure, than a great majority of the American people feel such officials of a Government corporation handling the taxpayers' money should have in to the power to lend money the taxpayers with hardly any restrictions as to the amount or as to who shall receive the loan, but also that these officials who are not elected representatives of the American people can pay out vast sums of the taxpayers' money in claims without going through the regular channels of Congress. After all, the Members of Congress are the representatives of the people and should have control over expenditures of that kind which entail not only thousands of millions of dollars. If allowed to go to its final conclusion it could amount to billions of dollars.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I will be so happy to yield to my esteemed colleague from Kentucky.

Mr. ROBSION of Kentucky. I appreciate the very able and splendid statement the gentleman is making, and his observations. What check in the way of auditing does the Government have over these corporations?

Mr. JENSEN. I was coming to that but I will answer the gentleman right now. Heretofore, until this act, known as the Government Corporations Control Act was passed last year, no Government corporation was audited by the General Accounting Office. That act brought them under the control of Congress to some degree at least. I contend they should be under complete control of Congress. Some may not agree with me but under this Corporations Control Act it is my contention that we are at least endeavoring to put these Government corporations under full control of Congress. Since it is the duty of Congress to control the purse strings for our people. Heretofore they have been operating under the basic acts. It appears to me they have been acting without any consideration of the Congress.

The committee was greatly handicapped in the fact that we had no reports as yet from the General Accounting Office, reports which they will make after they have audited the books of all these corporations. We were happy to learn that shortly after the law was passed our highly respected and able former colleague, Lindsay Warren, the Comptroller General, made a determined effort to get the right man, the best-qualified man obtainable, to be at the head of the auditing staff for these Government corporations. In fact, they went to the South Pacific to secure this man, it is such an important job, and that man finally accepted the position. I might add that he did so at a financial loss to himself. He appeared before our committee and we were greatly impressed. I know he is going to do a good job.

They are auditing the books at the present time. Next year the committee, the Congress, and the American people will have the benefit of those reports. I am sure they will be clear, concise, understandable, and I am sure the General Accounting Office is going to call a spade a spade. If there is anything wrong in Denmark, they are going to say so in no uncertain terms, I feel certain.

Mr. ROBSION of Kentucky. The gentleman has stated that the corporation does go ahead and consider claims against the Government that are filed and pays them.

Mr. JENSEN. That is right.

Mr. ROBSION of Kentucky. So that this auditing the gentleman speaks of comes after the transaction is completed?

Mr. JENSEN. That is right.

Mr. ROBSION of Kentucky. Does the gentleman think the Congress ought to have something to say about the amount of money appropriated and have more supervision than we have now?

Mr. JENSEN. I absolutely do also. I think we should pass legislation which will provide that all claims over a certain amount, say \$500, shall be dealt with through the Congress. That is, they would have no authority to settle those claims, but would be compelled to come to the Congress and submit the claim through the regular channels.

Mr. Chairman, on page 61 there is a minority report, which I ask to have inserted in the Record for the information of the Members.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. JENSEN. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, on page 63 it will be observed that reference is made by the minority members of the committee to the Inter-American Affairs, the organization sponsored by Nelson Rockefeller. I shall not read the full section except to say that the minority members felt that after the commitments which have been made by the Government are executed and completed that corporation should be entirely liquidated.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield.

Mr. JENSEN. I yield to my good friend the able gentleman from Illinois.

Mr. CHIPERFIELD. I want to congratulate the gentleman from Iowa for taking that stand. I have personally made an investigation of this Inter-American Affairs organization under Rockefeller and, in my opinion, it should be brought to an end as rapidly as possible.

Mr. JENSEN. I thank the gentleman for his observation.

I do direct your attention to the hearings where Mr. Wyatt appeared before the committee to justify his requests for additional appropriations for administrative expenses. I think you will find the hearings very enlightening and interesting.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JENSEN. Mr. Chairman, I yield myself five additional minutes.

The Home Owners' Loan Corporation, in the opinion of the minority members of the committee, has served its purpose, and we recommend that the loans held by the Government be sold to private lending institutions, especially since the private banks and lending institutions are bulging with money, as they say, at the present time.

Mr. DOLLIVER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I am delighted to yield to my distinguished colleague from Iowa.

Mr. DOLLIVER. Did the hearings disclose whether the Home Owners' Loan Corporation had proved itself to be a self-liquidating proposition, that is, whether it operated at a loss to the Government or not?

Mr. JENSEN. There is going to be a considerable loss, but because of the inflated prices on homes it will not be too awful bad.

Mr. DOLLIVER. Is it expected that the audit the gentleman previously referred to will disclose exactly what the status is?

Mr. JENSEN. To the penny, I am sure. I asked Mr. Fahey, the Director of Home Owners' Loan Corporation, if he was encouraging the liquidation of this organization and if he was encouraging private banks and lending institutions to buy these loans. He said, to the contrary, that he was discouraging it, which surprised me greatly, so we went into it at quite length. In that respect I also refer you to the hearings.

Mr. Chairman, that is all I shall say at this time. When the bill is read for amendment I shall again make a statement relative to the amendments which we shall offer and some other points in the bill which I shall want to refer to at a later time as the debate progresses.

Mr. Chairman, under unanimous consent I insert the minority report at this point:

MINORITY VIEWS

The brevity of the minority's views indicates that the majority report of the committee represents with limited exceptions the view of the entire subcommittee. A minority report from the House Committee on Appropriations is unusual. It has been made, in this instance, to emphasize some views and to reflect some fundamental differences in opinion which it is felt are particularly important in these times. The minority members sincerely believe the exercise of this function to be our plain duty.

PURPOSE AND EFFECT OF THE ACT

It was the obvious intent of Congress in enacting the Government Corporation Control Act to bring the corporations under the fiscal controls of the Government and to reestablish the constitutional powers of Congress as the only appropriating authority. This is necessary in order to provide a working fiscal program which embodies all the agencies of government which are integrally a part of the financial structure and enable the Congress and the public to determine readily the outstanding obligations and commitments of the United States. The committee has endeavored to carry out this intent but it is our view that the action taken does not go far enough. While it is true that the bill as reported to the House carries in it restrictions which should prohibit the use of funds or authority for any purpose not related to budget programs, the committee has also approved a section (sec. 302 of the bill) which was proposed by the Bureau of the Budget which would permit a corporation to initiate a new program merely by securing the approval of the President. In our judgment this section greatly weakens, if not vitiates, the controls attempted by the remainder of the bill. It is the purpose of the minority to advocate and contend for adequate Budget control over the Government corporations and to seek amendments of the Corporation Control Act if it is determined that such amendments are necessary to provide that degree of control which must be had in order to meet the constitutional requirements for control of the Federal finances. The corporations deal entirely with the taxpayers' money and have attained such a size as to almost dominate the economy of the Nation through their power to expand and use at will the credit of the United States.

There are fiscal fundamentals which the minority feels must be the guide for any action of the Appropriations Committees of the Congress if the domestic economy is to be stabilized. Of these, the following four are pertinent to the duties and responsibilities of this subcommittee:

1. Shrink the national debt.
2. Reduce Federal Government expenditures to the minimum.

3. Avoid actions upon the part of Government which hinder the full functioning of a free competitive economy.

4. Avoid any financial performance or operation upon the part of Government, the trend of which is inflationary.

The expansion of Federal credit is inflationary and easy "cheap money" is inflationary. Both of these inflation-producing elements are inherent vices in the authority and in the method of transaction of the business of the large lending agencies which are included in the accompanying bill. The various lending agencies of the Government operate under statutory and corporate charter powers which are so broad as to place them not only in competition with private financial institutions but, in some instances, with each other. For example, there is no power of The RFC Mortgage Company to make a loan which is not duplicated either by the Reconstruction Finance Corporation or the Federal National Mortgage Association. Instances of solicitation of loans by certain of the lending agencies have come to the attention of the committee. If the Federal Government is to be in the money-lending business at all certainly that function should be restricted to supplementing the private sources of capital as required by emergent needs only and in no event should a Government agency make a loan until every reasonable private source has been exhausted, as was the intention of the Congress in enacting the various laws under which Government loans are made.

The minority members of the committee take the position that no Government corporation should be incorporated other than by specific authority of Federal law. Attention should also be directed to the fact that under the laws of some States where Government corporations have been incorporated, there is a 3-year period required after a corporation has actually gone out of business before it can be finally liquidated and its charter surrendered. It is, therefore, necessary for the Government to maintain offices, and bear the expense of personnel, and other administrative costs for 3 years after the business is closed. The officials of Government corporations have full authority and autocratic power to allow any claim against such a corporation and pay that claim with the taxpayers' money without going through the regular channels of the Congress and are not governed in these settlements, by the laws respecting the payment of claims by the Government generally. Such authority in the hands of unscrupulous officials might well lead to the payment of unjust claims amounting to great sums. It is not difficult to see how a condition of this kind could lead to misappropriation of the taxpayers' money.

STAFF OF THE COMMITTEE

No committee of Congress is at present properly staffed with auditors, examiners, or investigators whose duty it would be to check into not only the functions of the different departments, commissions, agencies, etc., of the Government to ascertain at regular intervals whether or not they are living up to the letter of law. Especially is every subcommittee of the Appropriations Committee handicapped, to the detriment of the taxpayer public, in that the members of the committees do not have the very much needed staffs to keep them properly informed as to how the spending agencies of Government are expending appropriated funds. Once during each fiscal year departments come before the 12 respective subcommittees of the Appropriations Committee to justify their request for funds and it is a physical impossibility for the members of the committee to know with any degree of accuracy the amount of money each agency should have to meet its needs.

The minority members of the committee are, however, gratified to know that the Committee on Reorganization of Congress has

made recommendations for such examining staffs and we wholeheartedly endorse this recommendation. The present staff of the committee is as efficient and as capable as could be secured but is wholly inadequate in size. The additional staff members proposed by the Committee on Reorganization should work under the direction of the secretary of each subcommittee.

INTER-AMERICAN AFFAIRS

The appropriations carried in the bill are approved by the minority only because they are for the purpose of meeting contractual obligations heretofore entered into. It has been stated that there is some intention of continuing certain aspects of these programs under the auspices of the Department of State. No such continuing activity should be embarked upon as a result of these appropriations or through the existing corporations. These corporations should be liquidated as soon as their outstanding commitments have been met.

EXPORT-IMPORT BANK

The following statement is quoted from the Budget:

"The bank was established to stimulate the international trade of the United States."

Under the original practice, within this expressed purpose, the bank made loans to foreign and domestic enterprises who were dealing in exportation of American-produced commodities and the importation of foreign commodities. In that field the bank has in the past and could in the future render a useful service. By its operation in the field of foreign government loans, it has become a means of avoiding the specific approval of the Congress in the lending of money to foreign governments. It is the recommendation of the minority that congressional approval be obtained on all loans to foreign governments.

RECONSTRUCTION FINANCE CORPORATION

The minority is of the opinion that the Reconstruction Finance Corporation where it operates in the event of emergent needs should be governed solely by its own Board of Directors. Influence is brought to bear by other administrative branches of government which are intolerable and have in the past caused bad banking practices. Attention is invited to testimony on the loans to the Kaiser interests on pages 660 to 662 of the hearings. Any subsidiary of the Reconstruction Finance Corporation which does not now serve an emergent need should be liquidated.

Public works: It has been the practice of the Reconstruction Finance Corporation and its subsidiaries to make loans to States, political subdivisions thereof, and other public bodies of the United States for public works. It is the opinion of the minority that public-works expenditures should be restricted strictly to those programs authorized by specific legislation including descriptive limitations on types of programs and amounts of money.

NATIONAL HOUSING AGENCY

We are impressed with the apparent confusion in the minds of those charged with the veterans' housing program. It appears to be the acknowledgment of all that the various controlling agencies of government are in conflict and their rules and conflicts have created in the building industry black markets which are in themselves a great inflationary force. Black-market operators are tax evaders. The minority has joined in the liberality of the committee in approving the Administrator's request only because of the great housing shortage and its great desire to provide adequate housing for the American people.

There is now pending in Congress legislation to authorize additional housing programs. Before such legislation is presented

for consideration by the House, there should be a thorough and complete study not only of the existing laws but of the housing needs generally with a view to minimizing the participation of the Federal Government in what is essentially a local problem. In any such enactment the present confused situation should be clarified through codification and simplification.

HOME OWNERS' LOAN CORPORATION

Now that the banks and other local financial institutions are in need of sound investments for the large amounts of money on hand the Home Owners' Loan Corporation should make every effort to transfer every loan it holds to these private lending agencies and thereby enable the Federal Government to liquidate this Corporation. The purposes for which the Corporation was founded have now been served and its continued operation is not justified. You will note on page 1126 of the hearings that the Administrator of this Corporation testified that they were discouraging the recommendations as made by the minority members of this committee in this report. Such action could be interpreted only as an attempt on the part of the Administrator to maintain continuance of office at the unnecessary expense of the taxpayer. A request was made to this committee for the sum of \$5,179,000 for administrative expenses. The committee allowed \$4,500,000 which could be saved, in addition to giving the private lending institutions of our Nation the benefit of this business, if the recommendations of the minority members of the committee are carried out.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation, which has resulted in a loss to date of \$49,700,000 as it has been operated, is a continually failing venture without any general benefit to the economic welfare of the farmers or of the Nation. Under the present law, the administrative and operating costs are paid out of an appropriation from the Treasury and the income from insurance premiums is used only to meet losses. The amount of losses given above represents the difference between premiums collected and losses paid, and does not take into account any of the expenses for personnel and other administrative costs. The total loss is reflected in the following table:

Total insurance losses paid.....	\$110,950,597
Total of administrative expenses and operating costs..	46,249,081
Insurance premiums collected..	61,170,079
Net cost of the operation.....	95,249,081

In 1943 the Committee on Appropriations recommended and the Congress approved the dissolution of the Federal Crop Insurance Corporation. Subsequently another law was passed reestablishing it. The minority members of the committee believe that history and experience justify the position taken by the Committee on Appropriations in 1943. We recognize that private underwriters are not interested in this field and that if such a venture is deemed an economic necessity, it would have to be conducted by the Government. It is a known factor that no such program can succeed unless it is participated in by farmers generally and to date it is apparent that only the high hazard areas are interested and that the rates obtained are inadequate and inequitable.

The minority members of the committee recognize the intolerable conditions partially imposed by Federal programs in certain flood areas. These people are entitled to redress. It is our opinion, however, that the Federal Crop Insurance Corporation is not a proper or equitable vehicle.

INLAND WATERWAYS CORPORATION

It has been recommended on page 802 of the hearings by the Secretary of Commerce that the Inland Waterways Corporation be

sold. The statute creating the Corporation provides that the Corporation shall continue operations until navigable channels have been completed; terminal facilities have been established; joint tariffs with rail carriers have been published and filed with the Interstate Commerce Commission; and private persons, companies or corporations engage, or are willing to engage, in comparable common-carrier service. It should be pointed out that the Secretary's contention is that the statute has not been fully complied with but sufficiently so that it justifies a recommendation to the Congress for the sale of the Corporation. The minority believes that the statute has been complied with insofar as various sections of the waterways are concerned, with the exception of the Missouri River between St. Louis and Kansas City. Testimony indicated that this segment was as yet in pioneer stages of development. As further proof that this Corporation should be liquidated the hearings revealed that private carriers are now and can in the future render to the public the necessary services at reasonable rates. It should be stated also that Inland Waterways Corporation has since 1939 lost \$2,500,000 while during the same period private carriers have enjoyed profits and have paid substantial taxes into the Federal Treasury. The continued losses can be expected unless a complete rehabilitation of equipment is instituted as a part of the program of the corporation. It cannot expect to again be put in the successfully competitive position. The Department of Commerce requested an allowance of \$2,600,000 for replacement of plant and equipment which the committee by majority vote has allowed in this bill. In view of the minority's recommendation, this allowance is opposed.

BEN F. JENSEN.
WALTER C. PLOESER.

Mr. MAHON. Mr. Chairman, I yield 10 minutes to the distinguished chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, this is a new bill by a new committee under a new law. It is, therefore, a rather notable bill, and marks an important milestone in the history of congressional appropriations. It is the first time the Committee on Appropriations has reported a Government corporation appropriation bill. For that reason, the new committee has proceeded in the formulation of this bill without previous landmarks or precedents, without compass or charts. It is a new field. Despite this formidable handicap the committee has reported a bill which conforms in every respect to the requirements of the statute and which meets with general approval.

In order to comply with the statute in the drafting of this bill it was necessary to appoint a new committee. I doubt whether the members of any subcommittee of the Committee on Appropriations has ever been selected with more care. They were appointed without regard to rank. They were of course appointed without regard to ability, because all the members of the Committee on Appropriations are men of tested ability, with the exception of a few appointed in earlier years when we were not quite so circumspect in selecting membership. But we selected these five men who comprise the subcommittee on the basis of their capacity for hard work,

and their interest in the financial integrity of the Government.

The committee consists of Mr. MAHON as chairman of the committee, Mr. WHITTEN, Mr. GORE, Mr. JENSEN, and Mr. FLOESER, all of them picked men. The bill which they have presented more than justifies the care with which they were selected.

I hardly think that in all my service here in the House I have seen a Member rise more rapidly, and more deservedly, than the chairman of the subcommittee, the distinguished gentleman from Texas [Mr. MAHON]. His capacity for leadership, his sound judgment, and his interest in the maintenance of essential Federal activities at a minimum of expenditure have placed him on committees holding the purse strings over some of the most important departments of the Government. Although the Committee on Appropriations is the largest in either House, and advancement is necessarily slow, he has become in a remarkably short space of time one of the influential Members of the committee and the House. The bill which he reports today is exceptionally well prepared, and marks a long step forward in the supervision and control of agencies and corporations which have up to this time been to a large degree a law unto themselves.

There is, however, one feature about this report, outside of the Chair's province which might be misunderstood. Up to this time it has not been the custom to print minority views in the report as submitted to the committee.

An appropriation bill is not a political bill. It deals purely with economic and fiscal matters. There is no place for partisanship in the general supply bills. If you will go back through the bills of former years and read the opening speeches by the chairman and the ranking minority member of the committee, you will note that the debate on practically every appropriation bill reported to the House was prefaced with the statement: "There is no politics in this bill." While I am certain that is true of the pending bill, the conclusion might be drawn from this departure from the custom of the committee that partisanship is being injected.

Knowing the members who have signed the report I am certain there is no ground for such conclusion and I make this statement in order to express the hope that the situation will not be misinterpreted and that it will not be taken as a precedent.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. MAHON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. CANNON of Missouri. In this connection, it will be noted on page 62 of the minority report under "Staff of the committee" the statement that—

No committee of Congress is at present properly staffed with auditors, examiners, or investigators whose duty it would be to check into not only the functions of the different departments, commissions, agencies, and so forth, of the Government to ascertain at regular intervals whether or not they are living up to the letter of law.

Of course, if carried to its ultimate conclusion, the activity proposed here would be an infringement upon the duties of the Committee on Expenditures in the Executive Departments. And, equally obvious, this subcommittee, or any member of this subcommittee, could have secured at any time the services of an unlimited number of examiners, auditors, or investigators, if they had wanted them. All that would have been necessary would have been for them to make application to the Chairman and ranking minority member of the committee and they would have secured just the men they wanted and as many as needed—just as every other subcommittee has secured examiners, auditors, and investigators for this character of work over the last 3 years.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Iowa.

Mr. JENSEN. The gentleman knows that we knew we could get examiners whenever we wanted them by asking our good chairman and getting his consent.

Mr. CANNON of Missouri. Yes. It has never been refused, either by the chairman or the ranking minority member, the gentleman from New York [Mr. TABER].

Mr. JENSEN. That is right. We knew that perfectly well. We also knew that you would get those examiners from some other department of Government to examine a department of Government that we wanted examined. In other words, the gentleman knows that it is not natural to expect any member of one department of the same Government in the same administration to do a thing that would bring disrepute to some other department of Government. Consequently, the gentleman also knows that the examinations, audits, and investigations that those gentlemen have made have been of little consequence. Indeed, I think a good share of them have done a pretty good job of whitewashing.

The gentleman also knows that I introduced a bill 2 years ago which provided examining and auditing staffs for each subcommittee of the Appropriations Committee, and that he opposed it. Consequently, I never was able to get it out of committee. The Special Committee on the Reorganization of the Congress, however, recommended such staffs. I presume the gentleman knows that I appeared before that special committee and had at least an hour's session with them in which I made that recommendation which they incorporated in their report and suggestions for the reorganization of the Congress. I am wondering if the gentleman is going to support that section of the reorganization recommendations.

Mr. CANNON of Missouri. The gentleman is entirely alone in his assertion that the examinations which we have made have been without effect. Repeatedly on this floor it has been stated that millions of dollars have been saved through the action of these investigators. They are not partisan. They are men under civil service. They come to us from the Secret Service of the Treas-

ury Department, from the investigations staff of the Civil Service Commission, from the scientists of the Health Department, from the auditors in the General Accounting Office, and from the FBI which as everyone knows trains the finest investigators to be found anywhere in the world. Never in the last 3 years has there been any suggestion that these investigations were not efficient or effective. We always got the information we requested.

So far as I know the gentleman himself has never asked for any investigation which was denied or delayed, and he has never asked for a second investigation on the grounds that the first investigation was unsatisfactory. The work of the trained experts supplied by the departments—by the FBI, for instance—cannot be compared with the biased and inadequate results secured by political appointees who might be recommended by some Member of the House. We have had experience with that sort of investigation.

We had a fair sample of that when we investigated WPA and other special committee assignments.

Mr. JENSEN. The gentleman said he never remembers that I asked for an investigation. I am glad the able chairman of the Interior Subcommittee, the gentleman from Oklahoma [Mr. JOHNSON] is on the floor.

Mr. CANNON of Missouri. The gentleman from Iowa misunderstood me. I said he had never asked for an investigation that was denied.

Mr. JENSEN. That is true.

Mr. CANNON of Missouri. And so far as I know if the gentleman had an investigation he never complained that the investigation failed to discover the facts.

Mr. JENSEN. Also the gentleman knows I never gave them any compliments; so it is about even.

The gentleman mentioned the FBI. Possibly I am not well informed, but I know other members of the Appropriations Committee generally believe as I do that the FBI has never been asked to make a report to the Appropriations Committee under this particular set-up that we have.

Mr. CANNON of Missouri. An FBI man has been in charge of all these investigations. There has never been a refusal by the FBI to give us a man. They always give us men who are eminently qualified. And there are no better qualified investigators in the world—either in character and integrity or in training and ability.

Mr. JENSEN. Then I will say that the chairman of the Committee on Appropriations has kept a lot of things secret, because, certainly, he has not informed the members of the Appropriations Committee.

Mr. CANNON of Missouri. So far as I know every investigation has been considered a part of the executive sessions of the committee which conducted it. As a rule the committee itself does not know the name of the operators who make the investigations. Requests for investigations are handled through the clerk of the committee who transmits re-

quests to the operator in charge, who in turn calls in his men and transmits their reports to the clerk without mentioning the names of the men who participated in the investigation.

This system is the only practical system for the purpose. It is elastic. If all 10 subcommittees are investigating you have men for 10 investigations. Under the plan suggested by the gentleman you would be unable to conduct simultaneously the investigations requested by the committees. And when you have no investigations you have no one on the pay roll. Under the gentleman's plan you would have the force cooling its heels at Government expense.

Under this system you send each time a new man—one whom the departments have never seen before. He secures much of his information before they know they are being investigated. But a permanent staff would be known to everybody and his presence would be telegraphed around when he entered the door.

It is the most economical system. No man is paid more than his civil-service salary and he is paid only when he is actually detailed to work. We have operated for 3 years for less money than was ever spent on an investigation of this size. And we have saved millions of dollars. No committee ever asked for information it did not secure.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. MAHON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JENSEN. The gentleman did not answer the question when I asked him if he is in favor of the recommendations as to the reorganization of the Congress as regards auditing staffs for committees of Congress.

Mr. CANNON of Missouri. Oh, no; I am not. I do not think that any man could be in favor of that system as contrasted with the system the House Committee on Appropriations is using. The proposal is a theory. The Committee on Appropriations has been investigating for 3 years and without a single complaint. It is theory against practice.

Mr. Chairman, in the brief time allotted me I regret to note in the minority report on the Inland Waterways Corporation the recommendation that the corporation be sold. There has been no agency established by the Congress which has been of such value to the American farmer in the reduction of freight rates as the Inland Waterway Corporation. By using the rates of the Inland Waterway Corporation as a yardstick we have compelled carriers to reduce rates throughout the Mississippi Valley.

The statement is also made that we have lost money. There were years in which we made money. If you will examine the testimony you will find that if the recommendation made by this committee is carried out we will not maintain this yardstick which has held down rates to the farmers of the Mississippi Valley, but we will put it in position to pay dividends upon its investment.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. In connection with the reorganization bill that passed the Senate by such an overwhelming majority on Saturday last, I read in the Sunday papers about the gentleman's opposition to that plan. He says he is going to put that statement in the RECORD?

Mr. CANNON of Missouri. No, it is already in the RECORD. On three different occasions I have discussed the subject fully—and I hope convincingly. But perhaps the gentleman refers to the committee investigations.

Mr. BATES of Massachusetts. I am speaking about the bill as a whole because the gentleman has been quoted in the paper last Saturday as being very strongly opposed to this reorganization plan that has been sponsored by Members of Congress and others who believe that there is a real opportunity for service and to put the Congress on a more efficient basis. Is the gentleman going to put a statement of his opposition to that bill in the RECORD, and, if so, when?

Mr. CANNON of Missouri. I am sorry the gentleman has not noted my frequent discussion of the matter in the RECORD. Of course few read the RECORD.

Mr. BATES of Massachusetts. On the present plan that passed the Senate last Saturday?

Mr. CANNON of Missouri. The plan that passed the Senate has been under consideration for many months. It may have been slightly modified in passage but fundamentally it is largely the bill as originally recommended by the joint committee. It is built around a proposition to increase the salaries of the Members of Congress.

Mr. BATES of Massachusetts. The gentleman does not give much credence then to those who have made a very thorough study of this situation or give them credit for making a valuable report.

Mr. CANNON of Missouri. They do not report anything which would be of any particular advantage to this body. I take it that the gentleman considers an increase in congressional salaries an advantage to the country.

Mr. BATES of Massachusetts. Well, the gentleman is going to put his remarks in the RECORD bearing on that point then, is he?

Mr. CANNON of Missouri. I have already done that, and I will be very glad to send the gentleman a copy of some of my speeches on the subject.

Mr. Chairman, in the brief time remaining, I wish to also express regret that the minority views condemn the Federal crop insurance without its day in court. The report fails to point out the most pertinent fact in connection with the subject. And that is the fact that when the new law was written specific provision was incorporated in the act requiring that the rate of premium be high enough to take care of all losses. Under the new law, crop insurance is self-sustaining. The minority report completely overlooks this very material consideration.

In conclusion, Mr. Chairman, and in response to the suggestion contained in the first paragraph of the minority views, I wish to include a statement on governmental expenditure and the national debt in connection with the national budget by Mr. Harold D. Smith, Director of the Bureau of the Budget, as follows:

An inquiring reporter recently discovered that during the 7 years I have been its Director, the Bureau of the Budget has approved for submission to the President and the Congress recommended appropriations of a little over \$500,000,000,000, or more than half a trillion dollars. If all the budget requests of the executive departments had been approved, this sum would have been even larger.

Quantitatively, such sums are so completely beyond our experience as individuals that they are incomprehensible. Yet their meaning for us as individuals and as a Nation, while not simple, is nevertheless comprehensible to any person who will give his public budget at least as much thought as he gives his private budget. If this were not so, the democratic process would fail at its source.

Mr. Average Citizen can no longer afford to neglect his public budget. As far as the Federal Budget is concerned, he cannot afford the luxury of occasional heated criticism of the administration in Washington with the resultant righteous feeling that his obligations as a citizen toward the Budget have been discharged.

Those New Deal budgets before the war, about which many citizens complained loudly, now rate in third or fourth place. They were relatively small, and in retrospect we can say that as far as their impact on the national economy was concerned, they did some good and little harm.

The situation is very different now. The war and its aftermath have brought us large Federal budgets. These budgets represent, among other things, the test to which our enemies put us. Their magnitude is something of a measure of a dynamic democracy; not a decadent one, as our enemies have discovered to their sorrow. The war budgets were large because our war production was beyond anything thought possible, and our war effort as a whole was a tribute to the dynamics of democracy.

Postwar budgets will be several times the magnitude of prewar budgets. During each of the four prewar years, the Federal Budget averaged about \$8,000,000,000. Some time ago I publicly stated that postwar Federal Budgets would be approximately \$25,000,000,000, or over three times that prewar average. I have been criticized for using the \$25,000,000,000 figure. But now the developing evidence points to the possibility that this figure is too low rather than too high.

Let us take a look at the Federal Budget for fiscal 1947 in terms of the major categories of expenditures. We will assume, for example, a Budget for 1947 of approximately \$40,000,000,000.

First, expenditures for the Army and the Navy and war liquidation may amount to as much as \$18,000,000,000. This compares to \$1,000,000,000 for national defense expenditures in the Budget of 1938. One need only get a picture of the state of the world from his daily newspaper to understand why this large expenditure for national defense has not been cut more quickly.

Then there is the interest bill of \$5,000,000,000 annually for the public debt. There are not many proposals for cutting that.

There are also the Government's obligations to veterans, of approximately \$5,000,000,000 in fiscal '47, and there are active legislative proposals which would enormously increase this amount.

Here we have a total of \$28,000,000,000 accounted for by just three items in the Budget.

If we group together aids to agriculture and housing, and refunds to taxpayers, we have another item of \$3,500,000,000. International finance and social security come to \$4,500,000,000. Public works is \$1,200,000,000 and the rest of the Government is \$2,300,000,000.

In case you have not already totaled them, these items come to \$39,500,000,000. I have used figures roughly to give you a picture of what the Budget may look like for fiscal '47 after the Congress has completed its work on appropriation measures.

I wish specifically to call your attention to the item of \$2,300,000,000 for general government. Aside from the Army and the Navy, this item finances the administration of the departments and independent agencies of the Government. It finances the departments headed by personalities you hear about and read about—the departments you normally think of as composing the Government of the United States. Yet here is only \$2,300,000,000 out of a total of nearly \$40,000,000,000. Any school boy could readily tell you that you cannot do much to balance the Federal Budget if you concentrate 90 percent of your effort—as some do—on this item. In the light of these figures, you could eliminate a large part of the personnel in the departments of the Government and you would accomplish little in the direction of balancing the Budget. While I am pointing out the obvious, I sometimes feel that when it comes to budgets the obvious is often strangely obscure.

It does not take a very wise person to observe how inflexible are the major expenditure items in the Federal Budget in relation to the political realities both national and international. Reducing Federal expenditure is a tough job. As Director of the Federal Budget, I can assure you that very powerful forces work against you from start to finish. One can make a pleasant task of a speech about economy in general, but budgets are not built on generalities. They consist of very specific, detailed proposals for expenditure. It is a rare occasion indeed when someone or some group benefiting from a governmental expenditure proposes that that expenditure be reduced. There are plenty of proposals made by one group for the reduction of expenditures that affect another group, but "Oh, don't cut us."

As an example, I recall the energetic head of a business organization in a State where a large amount of Federal funds was being spent. He was a vociferous adherent of a policy of Government economy. I asked him where he would recommend a cut in Federal expenditures within his own State. With this question his economy crusade collapsed.

I have read many pamphlets on how to cut Federal expenditures. Some of them give the reader the impression that if obdurate Federal officials would only do a few simple things the budget could be readily reduced. There is a tendency to gross oversimplification of a complex problem, and oversimplification is the number one stumbling block to the solution of any problem. I am not against the pamphleteers. If anything, I am arguing for more and better ones. Such activity is helpful in molding public opinion, and consequently is of great importance in a democracy. Representative government, after all, does rather precisely what the citizens want done.

What I am trying to say here is that the Budget of the Federal Government is what you make it, not what some officials in Washington make it. If you want Federal expenditures cut you have to work at it where it hurts. You have to counteract some of the forces which work to increase Federal expenditures. In short, budget-balancing, like charity, begins at home.

The President has said, "We are on the way to a balanced budget." On behalf of the Administration, I can assure you that

the budget will be balanced. The argument is not whether or not the budget can be balanced. It must be balanced and more than balanced. The larger the surplus the better.

During 16 years of deficits it was quite natural that many people would despair that the Federal Budget would ever be balanced. We have talked a lot about a compensatory fiscal policy. Most of that discussion has been devoted to arguments for and against deficits in times of depression. If we hold in favor of a budget deficit for depression periods, we are utterly inconsistent if we do not hold with equal conviction for a budget surplus now. The time has come to take our foot off the accelerator and apply the brakes.

When Federal budgets were small, as they were during the first hundred years of our existence, their impact upon the economy was relatively insignificant. Now we are dealing with a new set of budget magnitudes. These were forced upon us during the war. Each of us must think in new terms if we are to grasp the significance of our current situation. Our concepts of fiscal policies when budgets were small have to be modified and revised. The fiscal policies that were desirable in times of depression and inevitable in times of war have to be reversed in situations such as we now face. I am not arguing that the Budget must be balanced merely because it seems sounder for the Government's revenues to equal its expenditures. There is more to balancing the budget than that. And at this time many more compelling reasons argue for balanced budget.

We are confronted with a situation of actual and potential inflation. In order to use the Budget as a damper on inflation, we must have as big a surplus as can possibly be achieved. The war has not only distorted our economy on the production side; it has distorted our financial structure as well. People want the goods they were unable to get during the 4 years of war. Their purchases can be financed from savings accumulated during 4 years of high wartime incomes. To the extent that the Federal Government pays out more dollars than it receives it only adds to the purchasing power available and thereby aggravates the inflation. Also, to the extent that the Federal Government purchases goods in competition with private industry it increases pressure on prices.

At this time you cannot have increased public services and the houses, refrigerators, and washing machines you want. To attempt to have both now is like trying to have your cake and eat it. There is an abundant purchasing power to take goods off the market at higher prices. Any producer or merchant who succeeds in getting price ceilings broken has little fear that he will be unable to sell his product because the price is too high. The main bulwark against inflation was and still is the OPA.

I believe that our budget policy during the war is in part responsible for the threat of inflation at the present time, although during the war as a nation we did a relatively creditable job and in relation to the last war we did a magnificent job. We did raise taxes far higher than they had ever been before. We did put personal income taxes on a pay-as-you-go basis. We did make strenuous efforts to induce people to invest in Government bonds. All these things helped, but they were not enough. Vast amounts of purchasing power did accumulate in the hands of individuals and businesses.

I have always thought and argued during the war that we should have had higher taxes than we did and also that we should have had a system of compulsory savings. With compulsory savings, funds could now be released in an orderly manner as goods become available. As it is, we have an abundance of purchasing power accumulated during the war confronting shortages of goods at every turn. We have an accumulation

of approximately \$175,000,000,000 of liquid assets in the hands of individuals and unincorporated businesses. About \$145,000,000,000 of this amount is in the hands of individuals. All of it may be freed to compete in the market for scarce goods. You may get some perspective if you recall that \$175,000,000,000 of liquid assets is equal to the national income for a record year.

We face a serious inflationary situation which will end only when goods again become abundant in relation to purchasing power. The Federal budget has an essential role to play in combating inflation. We must balance the budget with a surplus if it is to play that essential role.

But we cannot achieve a surplus merely by talking about it. Both the legislative and executive branches of the Government must cooperate to resist pressures to increase major expenditure programs or to reduce taxation. There are now one or more measures in the Congress which separately or in combination could remove any prospect of a balanced budget. As an example, there is a proposal before the Congress for terminal-leave pay for GI's, the cost of which is estimated variously from two to six billion dollars. Such a measure would not only seriously jeopardize our chances of a balanced budget, but it would rob us of any prospect of a budget surplus. It would aggravate the forces of inflation and would thus be a hollow benefit to the veterans.

To achieve a surplus we must attack some of the major expenditure programs. We must cut them where possible. Where it is impossible to cut them we must resist all attempts to undertake new expenditures on programs that can be deferred.

The national defense outlay will represent more than 40 percent of the 1947 budget. I am sure that economies can be achieved in this program without in any way affecting national security. Some day the American people will wake up to the fact that competition between the armed services is an expensive luxury. When that day comes there will be no hesitancy about adopting the President's recommendations for unification of the armed services.

Our public construction programs need special scrutiny. There is a very grave danger that we will arrive at a premature peak in public works. The point which I made earlier—that we cannot have increased public services at this time without conflicting with the private production of civilian goods—is particularly true in the construction of public works.

We may have to take another look at Army and Navy construction projects, some of which appear to have little relationship to our security. Our civilian public works must also be carefully examined. There are construction projects such as emergency housing and veterans' hospitals which must go forward. But we must take a conservative view about starting new projects. We should plan to have public construction reach its peak after private construction begins to decline. However, there remains the danger that we may reach peaks in private and public construction at about the same time.

We should bear in mind that public construction projects cannot be treated lightly. Some of them have a very high priority and are essential for our future progress. If the air transport industry and the automobile industry are to play their parts in sustaining postwar prosperity, adequate highways and commercial airport facilities must be available. We must work out a construction program that balances the needs of the future against the requirements of the present.

We can and will achieve further economies in the administration of government. But as I have already indicated, economies in administration make only a trivial contribution to the total result. It is the major

expenditure programs which require attention.

On the revenue side of the budget, it is clear that there should be no reduction in taxes. That was the policy announced by the President in his Budget message in January. It is more urgent today that it be carried out than it appeared to be then. Measures to reduce taxes further should not be considered until inflationary pressures have disappeared.

It is obvious that to balance the budget with a surplus means on the one hand, that taxes must be maintained or raised, and on the other hand, that expenditures must be reduced. If we do cut taxes further, it will merely mean that there will be more purchasing power bidding for scarce goods.

If present tax laws are retained and if efforts to enlarge expenditure programs and adopt new ones are resisted, we can expect to balance the Budget in fiscal 1947. But to make its proper contribution to the fight against inflation, the budget should yield a surplus.

However, the Budget cannot be balanced merely because the President and the Director of the Budget want it balanced. It cannot be balanced merely because the Congress wants it balanced. The administration can exercise leadership and can say what ought to be done. But in order to get a Budget surplus, it is necessary that the public take the pressure off the Congress for public services.

I am a realist. I know how items get into the Budget. There is no mystery about it. Congressmen also know how projects get into the Budget. Congressmen cannot ignore the pressure of the people whom they represent.

Since it seems clear that we should balance the Budget, then if every official and every citizen will take all the steps within his capacity toward this goal we shall certainly achieve it.

I cannot overstress the importance of budget policy at the present time. The operations of the Federal Government are so large that their impact on the national economy cannot be ignored. The Budget can promote stability. It can, in turn, contribute to instability. We must balance the Budget with a surplus. Nothing short of that would content us. That is the policy of the national administration.

(Mr. CANNON of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JENSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I had not intended to speak on this bill, but the remarks just made by the distinguished chairman of the Committee on Appropriations, it seems to me, call for some answer. If I understood the distinguished gentleman, he complained, in the first instance, because the minority members of this new committee had seen fit to file a minority report, a thing which he says in his 25 years of experience had never heretofore been done, and that by the filing of this minority report it indicates the infiltration of political matter into the work of the Committee on Appropriations.

Well, I happen to be a member of the Committee on Appropriations, and in the work of the subcommittee on which I am privileged to serve I have devoted myself as diligently as any man possibly could. But I want to say to the gentleman from Missouri and to the Members of this Congress and to the people of America that

I do not concede it to be my responsibility merely because I am a member of the Committee on Appropriations to surrender my opinion and to surrender my judgment when the vote in the subcommittee is very frequently dictated by the majority party. You may call it politics or call it what you will, the two minority members of this subcommittee, Mr. Chairman, perhaps represent a different political philosophy than you do. They perhaps represent a different political philosophy than the party that you represent. The people who send them to Congress and who send me to the Congress intend that their Representatives in the Congress shall carry out the will which they expressed when they went to the polls, and one of those things was that we should curb this everlasting, apparently insatiable appetite on the part of the New Deal, to spend the public's money.

When you say to me and say to the Members of this Congress that these two minority Members are deviating from a well-established traditional policy of the Committee on Appropriations, that they should not have filed and not given expression to their views when they are not in accord with the action of the majority party, I think it is high time that the members of the Committee on Appropriations follow the signal lead that has been established by my two friends on this appropriations subcommittee. In view of the fact that this is a new bill dealing with momentous questions in which the people of America are interested, I think they have charted a course they can well be proud of when they have had the courage to let not only the Congress, but the people of the United States know, after their diligent study of these problems, what the attitude of the minority is, and not have the minority's opinion smothered by the action of the majority, which may be entirely political in its genesis, and then charge these men with introducing politics into the Appropriations Committee because they have had the temerity to stand up and register their own views. I want the gentlemen of this minority to know that as far as I am concerned as one member of the Appropriations Committee I applaud their action, and I hope that the time will come when the people of America will know that the minority members of this Appropriations Committee have some rights and that they have the right to give expression to their views even though it does form a minority report.

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. Just to keep the record straight, I think the record should show that during my term of service on the Appropriations Committee there have been several minority reports filed. I personally have prepared one or two of them and signed them, along with other minority members.

Mr. KEEFE. Yes. It seems to me that is a fundamental duty of a member of the Appropriations Committee. I listened with chagrin to the criticism

of the chairman of the Appropriations Committee, which was directed to such outstanding members of the Appropriations Committee as my colleague, the gentleman from Iowa [Mr. JENSEN] and my colleague, the gentleman from Missouri [Mr. PLOESER]. I believe it is not only their right but their solemn responsibility, and they would be derelict in their responsibility to those whom they represent and to the membership of this House if they did not record their views as they have seen fit to do in this minority report.

This is a new bill. As the chairman says, this is a new departure. I thank God that it is a departure, in my opinion, in the right direction.

Mr. DOLLIVER. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Iowa.

Mr. DOLLIVER. Would the gentleman say as a member of the Committee on Appropriations that because this is a bill concerning as a group a dozen or perhaps a score of corporations of the Government that they have brought together here as a new procedure and departure in the Appropriations Committee, the more they owe, they owe the duty to file a minority report, particularly in view of the fact that public attention has been focused upon these corporations with their vast powers and vast expenditures of money?

Mr. KEEFE. Exactly. May I say further that it has been my observation since I have been a member of the Appropriations Committee that while we have tried at all times and have been quite successful in the consideration of Budget items to refrain from injecting political implications into our discussion, yet every member of this Appropriations Committee well knows that there has been a tendency to submerge individual attitudes and individual opinions as to certain appropriation items in the interest of conciliation, in the interest of harmony, and in the interest of bringing out a unanimous report.

I think, Mr. Chairman, and I speak to the chairman of the Appropriations Committee when I say "Mr. Chairman," that the gentleman from Iowa and the gentleman from Missouri have pointed the proper way in matters of this kind, so that the minority may let the people know and let the Congress know that they are on the job and that they do intend to give expression to their views in order that we may sometime, pray God, stop this unholy expenditure of public funds.

Mr. GORE. Perhaps it should be said in extenuation of the gentleman's remarks that the work of this particular subcommittee, as well as this bill, is something different and quite apart from the work of the usual subcommittee of the Committee on Appropriations. We not only are recommending direct appropriations here, we are exercising supervision over corporations with far-flung activities, which do not require direct appropriations. There are things in the pending bill and in the subject matter of the report which could in my opinion properly be points of party as

well as personal differences. For instance, the proposed sale of the Inland Waterways Corporation raises a question on which the majority members are unanimously agreed that it should not be sold at this time, while the minority members recommend its sale.

I see nothing inimical about the minority members filing a minority report on this bill. Quite to the contrary, it is not only their right but it is their duty to set forth their sincere views separate from the majority if need be.

Mr. KEEFE. I am certainly glad to have the distinguished gentleman from Tennessee make that statement. I was just about to come to that because that was the second point in the argument presented by the gentleman from Missouri [Mr. CANNON] in making his objection to this minority report. It seems to me on the question of whether or not the Inland Waterways Corporation should now be disbanded and go out of business is a matter upon which the minds of reasonable men could well differ, and it does not necessarily have to be along political lines. I, for instance, happen to be one of those who believe that the functions of the Inland Waterways Corporation have been fully carried out as indicated in the report filed by the minority members. In accordance with the dictates of the law itself, when the requirements of the law have been complied with, it was the intent and express purpose of the Congress that the Government should go out of that business. The gentleman from Missouri, in his characteristic fashion, tells about the wonders and glories of the Inland Waterways System in fixing freight rates for the farmers out in the Middle West and has dragged in the usual old argument about agriculture and the farmers in attempting to justify the continuation of Government operation of these barge lines when there are independent operators ready and willing to take over that operation and furnish the transportation in accord with the rates fixed by the Interstate Commerce Commission. Those barge lines, as the gentleman well knows, were set up as a yardstick and an experiment. The language of the statute that created it had in mind that when this yardstick had been completed the operation would be turned back to private control. Thereafter, the rate for carrying your agricultural food products on those barges would be subject to the control of the Interstate Commerce Commission as is the case with any other carrier.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. CANNON of Missouri. I dislike to break into the gentleman's discussion at this point, but I must leave the Chamber presently to attend a hearing before one of the subcommittees on appropriations. I merely want to say in response to the suggestion of the gentleman from Massachusetts [Mr. WIGGLESWORTH] that the instance to which he refers was not an instance in which minority views were printed in the report. They were submitted by the gentleman from New York from the floor and were not printed

as minority views. I have just refreshed my memory by consulting the clerk of the committee who has been with us for many years and he tells me that that was the situation. In all the years I do not recollect an instance in which minority views on an appropriation bill were included in the report. The present instance is a most unusual and unprecedented procedure. I trust it will not be made a precedent which will be followed in the future.

Mr. KEEFE. May I say I am in complete disagreement with the attitude of the chairman of the Committee on Appropriations upon that subject. I, for one, hope that this will be a guiding influence that will permit minority members of the Committee on Appropriations to express their opposing views in a report that is filed, and I will tell you why. The gentleman well knows that in the practice before the full Committee on Appropriations, time and time again, in a little three-quarters of an hour or half-hour debate involving one of these supply bills, numerous members of the minority have expressed their right to disagree with the action taken by the majority and have reserved the right to offer amendments on the floor in complete disagreement with the action taken by the majority. Therefore, in view of that practice which is usually carried out in the closed-door sessions of the Appropriations Committee, it seems to me it is perfectly proper that the entire membership of the House should have the benefit of these minority views and have them printed in the report, instead of having to rely upon the opportunity to make a little 5-minute speech upon the floor of the House when the House is in Committee of the Whole and the bill is under discussion and debate.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. PLOESER. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. TABER. I have a distinct recollection of having participated in presenting to the House minority views which, by unanimous consent, were ordered printed with the majority report, on at least 10 different occasions, as I remember it. I believe it is the duty of the minority, when they have things which they believe should be presented in the House, to make such presentation as minority views.

Mr. KEEFE. I am very glad to have the distinguished minority member of the Committee on Appropriations, who no doubt will become chairman of that committee in the next House of Representatives, make that statement as expressing his views on this very important question, because I find my own views in complete accord with the views of the distinguished gentleman from New York. I could not allow the statement of the chairman of the Committee on Appropriations to go unchallenged, because I firmly believe I am expressing the views of a majority of the Appropriations Committee itself.

May I say to the gentleman from Missouri, in carrying out what I conceive to be my duty as a member of the Appropriations Committee, I cannot seal my lips and keep from the Congress my opinion as to items in appropriation measures, by allowing myself to at least inferentially agree to a report, with many items of which I am in complete disagreement.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. Looking at it from the point of view of convenience of the Members, we do not know whether there is going to be a fight on a bill or not. We have to sit here hour after hour to see whether amendments are going to be offered. If you could pick up a minority report you would know whether there is a controversy and you would know what to do.

Mr. KEEFE. I thank the gentlewoman for her very constructive remarks and suggestions.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Missouri.

The gentleman speaks of sealing lips. Of course, there is no possibility of that under the practice which has obtained in the committee and the House for many years.

Mr. KEEFE. No possibility of what?

Mr. CANNON of Missouri. Sealing the gentleman's lips. Circumscribing his right to debate. The failure to file minority views in no wise interferes with the right of any Member to the floor or his opportunity to express his views.

Mr. KEEFE. I want to say to the gentleman that there is no possibility of sealing my lips.

Mr. CANNON of Missouri. No report on any appropriation bill reported to the House for many years has carried minority views. And yet no member of the minority has ever suggested that he was limited in any way in his right to express his views. The suggestion of the gentleman from Wisconsin that failure to include minority views in the conference report seals his lips is beside the point.

The gentleman from Massachusetts and the gentleman from New York have referred to former instances in which minority views were filed by themselves. It is a matter which can be easily determined by the citation of the Congress and the number of the report. It will be found in each instance that the minority reports were submitted from the floor and that minority views were not included in the committee print of the report.

The incident merits more than passing interest. Outstanding men in the history of the House have served on the Committee on Appropriations—men of both parties. Tawney, of Minnesota; Fitzgerald, of New York; Good, of Iowa; the Great Commoner whose effigy faces us there above the Speaker's rostrum; Madden, of Illinois; Wood, of Indiana; Byrns, of Tennessee; and others, on both sides of the aisle, have served in both the

majority and the minority, and none of them ever submitted minority views in this form. It was their belief that the appropriation bills should be divested of all partisan or political implications. I am sorry to see this departure from the example which they set and the procedure which they established.

Mr. KEEFE. May I say to the distinguished gentleman from Missouri that I have always understood that it was a cardinal principle of his party that democracy was a dynamic thing, it was a living thing, it was a growing thing; that we live, that we grow, that we make progress, and that we look ahead instead of looking back. I do not know how many times I have heard the gentleman from Missouri preach that sort of doctrine in this body.

The minority members of this committee are demonstrating here on the floor of the House when they make this report that democracy does move. Merely because a rule has been followed for the past 25 or 50 years, in my humble opinion is a pretty good argument why we should abandon it in these days of change and confusion. The people are entitled to all the facts. And on this question of closing anybody's mouth—

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JENSEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. KEEFE. About the only time I have ever had my mouth closed on this floor was when the distinguished gentleman from Missouri was talking and I have asked him to yield. I never have been able to get him to yield to me when I wanted to ask a pertinent question any time he was making an address, or get him to answer a question. I believe everybody on the floor of this House knows that to be the truth and knows that to be a fact.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. JENSEN. I wish our chairman were here.

Mr. KEEFE. Well, he is so busy outside; he says he has to go to another meeting.

Mr. JENSEN. He never said that before, or at least not for the last 25 years has a minority report been submitted to the House from a subcommittee of the Appropriations Committee. I wish to remind the gentleman that never before in the history of this Nation has this country come so perilously close to the precipice which may destroy us and everything for which America stands; so these things are necessary.

Mr. KEEFE. May I say just one word in closing. I know the three majority members of this committee, the distinguished gentleman from Texas [Mr. MAHON], the distinguished gentleman from Tennessee [Mr. GORE], and the distinguished gentleman from Mississippi [Mr. WHITTEN], and I agree with one thing that the chairman said in his remarks; that there is not a finer, more distinguished group that could have been chosen from the Appropriations Committee to handle this most important work than those five men, majority and

minority. I am glad to know that the same type of criticism that has been directed at the minority by the chairman of the Appropriations Committee has not found expression—at least, I have not heard it—in the attitude expressed by the distinguished members of the majority who serve upon this subcommittee. I wish to compliment not only the majority but the minority members for bringing in a bill absolutely new on an uncharted course, so to speak, before this Congress, that I believe is a magnificent step in the right direction, in the interest of bringing under the control of Congress all this far-flung realm of Government corporations that have been spending the people's money in a manner that the people themselves well never be able to follow in the magnitude of their ramifications unless and until years of study have been given by this committee to this work.

I want to say the statement the gentleman from Iowa has made with respect to the necessity for continuous aid and assistance on the part of trained investigators does not contemplate the mere picking out of some man down in another agency of Government to go out and make some little specific study of a particular item in the bill, but it means that the committee will have available all the time, 12 months in the year, men to go through these departments, examine their personnel records, examine their expenditures, make an audit of their books, if necessary, to see what they are doing and whether they are carrying out and following the recommendations of the Congress. As a member of the Appropriations Committee for the last 7 years, as the gentleman from Iowa has, lamented the fact that we have not had the proper kind of help in that direction.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. PLOESER. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I exceedingly regret the injection into this debate of the remarks of the chairman of the Appropriations Committee. After complimenting the members of the subcommittee on being a hand-picked crew he then found considerable criticism in the fact that we honestly had differences of opinion and honestly conceded to one another the right to publish them.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I think one of the most encouraging things about the minority report to this bill is the fact that you concur in and agree with the Joint Committee on Reorganization which recommended a necessary staff of experts with which to do a job by the subcommittees of the Appropriations Committee. Incidentally, the Senate approved that proposal and it approved the bill by a vote of 49 to 16 a few days ago. I sincerely hope that if we are going to do a job in the interest of balancing the budget and in the interest of efficiency not only in the corporations but in all departments of government that that recommenda-

tion of the joint committee can be approved and followed.

Mr. PLOESER. The distinguished gentleman from Illinois is probably one of the most able Members who ever served on the Appropriations Committee and I think he fully recognizes, as indicated by his remarks, and I think the vast majority of the members of the Appropriations Committee recognize, that our present method of investigation has inherent weaknesses in that we borrow from the executive department men to examine the executive branch of the Government instead of having men who are responsible solely to the Congress. I have never approved the method used by the Appropriations Committee in making its investigations. I have had occasion to use it once without satisfactory results, which probably was no fault of the individual making the investigation except he was under a pressure to which he should not be subjected on an impartial job.

Mr. DIRKSEN. One of the most anomalous things in the fiscal history of the country is that the Congress, which is charged with the power of the purse, must depend for data, facts and information upon the very people who come and supplicate Congress for legislation and also for money. They have a very definite interest in the subject matter and yet we must rely on them essentially.

Mr. PLOESER. I think it should be added that that is a particular weakness in the procedure in the House Appropriations Committee.

Mr. DIRKSEN. Exactly so.

Mr. PLOESER. We ask the people who are requesting money to justify their position and they give virtually the only argument a subcommittee ever hears.

Mr. DIRKSEN. The gentleman is quite right.

Mr. PLOESER. It is only natural that they are not going to argue against themselves. We have an outstanding instance in this very bill under the section having to do with Federal public housing, which involves a governmental function in the housing field. They came before this subcommittee and asked for some \$4,000,000 plus for subsidies for low housing rents.

He justified this on the first appearance, and then by some method of the grapevine learned that this subcommittee did not intend to make the allowance, and they came back later and indicated that they probably could get along with half a million dollars; a perfect indication of how so many departments of Government get all they can to spend all they can, and they have no consideration whatsoever for the public purse or for the taxpayer. I did not mean to get into that part of the discussion before talking about the reasons for the minority report.

Contrary to the opinion expressed by the chairman of the whole Committee on Appropriations I think it is noteworthy to say here and now that there never was a moment in the proceedings of this subcommittee when it did not work in complete harmony. Many of our views have been merged in the ma-

jority report. After an expression of differences on the part of the various members of the committee, we found common ground upon which we could agree, and when we did not, when there was some fundamental difference, there was never the slightest indication on the part of any Member of the majority of this committee that they felt that the minority should not express their opinion in a published report.

I want to express my appreciation to the members of the majority on this subcommittee for their splendid attitude all the way through and their cooperative attitude toward the minority in the expression of its opinion, and which was reciprocated by the minority. I have served with one of these members on another subcommittee in which you could find common ground, but in which you could not, except maybe under the most unusual and unique circumstances, accept a minority report, and that is the naval subcommittee. These men devoted long, hard work to this matter, and these two reports have been published because, as we said, there were one or two things which we thought deserved additional emphasis, and then there were some things in which we were in fundamental disagreement. Not to express that difference would be false representation. Are we to be indicted for that? I hardly think so, and certainly not justly so. We felt it was our plain duty that the minority should express this difference, and we ask the Members to read the minority report. I have the feeling that it will probably be read. So many reports of the Congress are not. It is one that probably attracts your attention because of so much being said about it. It is short. I wish you would read it, and when you read the entire report you will find that here is what the committee was dealing with.

Last year, 1945, the Congress of the United States tried to bring under congressional approval and control the budgets of the various wholly owned Government corporations. We have, as exemplified by this bill, two types of operation in the Federal Government. We have those normal appropriations which go to operate the various departments and agencies and commissions and boards of Government, and then we have as a result of a practice of the last two decades principally a set-up of certain Government corporations that operate or have operated almost entirely independently of the balance of the Federal Government with the exception of intercession of some Executive orders. They have not been compelled to come under the supervision of the people's branch of the Government, the Congress, in connection with the expenditure of their funds.

As this bill indicates, these wholly owned corporations use annually \$18,000,000,000 worth of the taxpayers' money, or approximately that amount, yet the taxpayer has little or nothing to say about it or has had little or nothing to say about it. The Congress has had virtually nothing to say about it. It could either terminate the corporation

or it could sit here and hope to learn what sort of a business the corporation was conducting. In the Government Corporation Act of 1945 we hope to bring this under control of the appropriate authority of the Congress. One of the unusual situations that caused this minority report is the opinion of the two groups that we found fully accomplished the intent of the Congress under this bill. For example, in reading the Government Corporation Control Act you will find that there are certain weaknesses in the act. We attempted in this bill to strengthen the language in such a fashion that there will be no misunderstanding as a result of this legislation, but after having done so, in section 302 of this bill we then sought to make an exception whereby the President could order and authorize these corporations to go into what might be called extra-curricular activities, activities for which estimates were not submitted by the Budget Bureau, activities which have not come under the review of the Congress and still might fall within the authority granted under their charters. We thought the Government Corporation Control Act sought to restrict to that extent. The entire committee felt that way and so drafted this bill. But as to this one section of the bill we find ourselves in difference. The minority feel that we have weakened what we did so well in the beginning of the bill, so we will seek before the debate is ended on this bill to strike out section 302 because of that weakness we think it puts into this appropriation bill.

That is an honest disagreement. We are not very far apart. We have the same intention, but at the same time we rather differ as to how we are to achieve the ultimate objective. Such an honest view should be set forth, and I see little difference except emphasis between whether we stand on the floor of this House and debate the subject and here disagree, whether we submit amendments to show our disagreement, or whether we publish it as the minority views in the report of the committee.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I will be happy to yield to my distinguished friend from Nebraska.

Mr. STEFAN. I cannot see anything wrong in filing a minority report on a bill that is absolutely new in nature, with a new committee set-up on this corporation control. I have been listening to all of this debate. I had very little opportunity to read all the hearings, but as a member of the Appropriations Committee, may I say that I think this minority report is absolutely in order.

I see in the report some items affecting some of the agencies which by Subcommittee on Appropriations has been handling heretofore, for instance, the Inland Waterways Corporation. I think it was always the intent that the whole program of the inland waterways organization, after it has served its purpose, would go into private industry.

Mr. PLOESER. May I say to the gentleman it is not only the intent, it is the express language of the law.

Mr. STEFAN. There are other items, such as the Home Owners' Loan Corporation. The public is interested in that. The banks are full of money today. Private industry wants to go ahead. They believe in the liquidation of some of these Government corporations which they thought should have been liquidated a long time ago.

I know every member of the gentleman's committee. Some of them have served with me and now serve with me on subcommittees on appropriations. I think they are the finest set of men in the House. They have the interest of the Government and the interest of private industry at heart.

I am very glad to see a minority report like this published. The Members of the House get very little information about our appropriation activities until a bill and the report on it come to the floor of the House. They usually come to the floor of the House on the day the bill is reported from the full committee, and the Members of the House, the 435 of us here, have practically no knowledge as to what the bill contains unless we take the report and hearings home and read them far into the night. A report such as the minority of this committee has made gives us a large amount of valuable information from which we can answer very many of the questions in the letters sent to us by our constituents. I appreciate the gentleman's views and concur with them. I want to emphasize another fundamental difference. In the creation of most Government corporations, the law has said and the intent of Congress has been expressed that it was created for the duration of some given emergency. We have found in the history of recent years that emergencies never end and once a Government corporation is formed to satisfy or alleviate, if you please, some emergency, that emergency always seems to be then perpetuated. So that there is a continuing need and we never get to the end of the line. Today, when America has more money among more of her people than at any other time in the history of the Nation, we are continuing credit emergencies for business, for example, through the RFC operating in the making of mortgages by the Mortgage Corporation, a subsidiary of the RFC.

It is the opinion of those who filed this minority report that when we are not in a period of emergency according to the original intent or the practiced intent of those corporations during an emergency, then it is either time to shrink that to no operations whatever or to liquidate such corporations. I think there is probably a substantial difference. Some people believe they should just be brought back into a state of inactivity and held there as a club possibly over private business for the future.

I, for one, do not agree with that. I, for one, am of the opinion that the Government corporations can be used effectively in some instances but it should not become the general practice of government. Today these Government corporations in this bill are the dominant influence in the economic life of America.

There is little need for the RFC during this period, with remote exceptions, to be out doing a general banking business for business when the banks of the country are having a hard time finding a place to lend their money at interest rates which are cheaper than at any other period in the history of the country. We have said so in the minority report and we certainly feel we have a right to express that view, contrary to the opinion of any Member of the majority. We did express that view and will again when the occasion requires.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield.

Mr. STEFAN. I am interested in the item on the Commodity Credit Corporation. I notice a reduction on page 6 of over \$921,000,000. Where was that reduction made?

Mr. PLOESER. It is not an actual reduction.

Mr. STEFAN. Of course it is not.

Mr. PLOESER. I understand it is a cancellation of these notes on the part of the Treasury so that it ceases to be an obligation of the Commodity Credit Corporation and, therefore, appears as a reduction when it is not actually the saving of any dollars, but represents the final expenditure of those dollars.

I am putting into the RECORD today an accounting and a tabulation of subsidies that have been paid and subsidy payments made by the Commodity Credit Corporation which indicates in the three fiscal years 1945, 1946, and 1947 that that Corporation will have spent over \$3,000,000,000 in subsidies.

The matter referred to is as follows:

Commodity Credit Corporation's expenditures, losses, and gains on subsidies and price-support purchases

[Compiled from the Corporation's justification of appropriations for the fiscal year 1947]

	Expenditures, losses, etc.			Losses or subsidies	Claimed gains		
	Actual, 1945	Estimated, 1946	Estimated, 1947		Actual, 1945	Estimated, 1946	Estimated, 1947
Cotton, upland					\$23,069,742	\$54,198,000	\$11,500,000
Corn	\$9,366,296			Losses		7,236,000	
Wheat	16,952,251					14,500,000	
Tobacco		\$208,800		Losses	2,040,889		
Rice							2,035,000
Peanuts	9,119,557	10,500,000	\$13,600,000	Losses			
Beans, dry edible	2,321		64,000	do		103,000	
Dressed chickens		7,500,000	22,500,000	do			
Cotton, American-Egyptian		391,000	156,000	do	151,153		
Eggs		10,190,000	108,510,000	do			
Peas, dry edible	216	173,000	2,550,000	do			
Potatoes, white	12,333,875	18,500,000	11,150,000	do			
Turkeys		1,875,000	5,625,000	do			
Barley	16,559			do			
Hemp	11,463,378	4,635,000		do			
Oats	9,212					290,000	25,000
Oils, vegetable					151,423		
Rye	139,821			Losses		632,700	
Seed, winter crop cover	264,849	1,066,000	775,000	do			
Sorghum, grain	61,138			do		221,400	76,000
Wool	1,086,068	59,744,000	38,850,000	do			
Dairy production ¹	532,253,665	496,500,000	515,000,000	Subsidies			
Sheep and lamb ¹		36,000,000	36,000,000	do			
Milk, fluid	12,602,735	12,000,000	14,000,000	do			
Grapes and raisins, California	22,503,515	11,350,000	17,600,000	do			
Prunes, dried		5,888,000	7,900,000	do			
Peach			200,000	do			
Pear	142,237		300,000	do			
Flaxseed	20,456	1,000,000	15,000,000	do			
Soybeans	43,670,521	45,000,000	40,000,000	Losses			
Sugar, foreign and domestic:							
Cuban	52,586,192						
All other	62,515,381	80,303,000	43,800,000	Subsidies			
Vegetables, canned	14,974,414	52,346,000	35,200,000	do			
Commodity exports:							
Cotton	2,951,507	30,000,000	30,000,000	do			
Wheat	993,084	260,628		do			
Fats and oils, foreign and domestic	2,431,774					8,000,000	
Other foreign purchases					435,689		
Fertilizer, ammonium nitrate					45,958	129,000	150,000
Total	808,761,332	885,430,428	958,780,000		25,994,854	85,310,100	13,786,000

RECAPITULATION

Expenditures, loans, etc.:	
1945, actual	\$808,761,332
1946, estimated	885,430,428
1947, estimated	958,780,000
	\$2,652,971,760
Gains claimed:	
1945, actual	25,994,854
1946, estimated	85,310,100
1947, estimated	13,786,000
	125,090,954
Probable net cost, 3 years of subsidies, etc.	2,527,880,806
Estimated cost of OPA for 3 years, \$179,000,000 a year	537,000,000
Total estimated CCC expenditures and OPA	3,064,880,806

¹Details in justification are particularly worthy of note.

Mr. PLOESER. Three billion dollars is a tremendous item when we stop to consider much of the false propaganda which has gone out to the country in recent weeks on the subject of price control. Remember, every dollar of subsidy payments comes out of the pockets of the taxpayers ultimately and that every dollar that has been spent by subsidy payments is just another way of the people of America paying their own food bill but being led to believe they are not paying it. If our debt continues as it has in recent years, it is another way of passing the food bill to our grandchildren and great-grandchildren, which I have always thought was a pretty shallow way to live. In regard to the Reconstruction Finance Corporation, we found, as indicated in the hearings, that in the making of loans it does not always adhere to what we would consider sound banking practice, but frequently is under the pressure of other departments of Government to make loans which it otherwise would not make. I have in mind particular reference to the so-called Kaiser Co. loan. I am placing in the RECORD today statements from the RFC, in answer to correspondence of mine, which indicates that the Kaiser Co. today is indebted to the Federal Government in the amount of approximately \$114,000,000 and that thirty-four or thirty-five million of this amount was a part of a refunding program on which they pay no interest. If you will study the reply of the RFC and also study the hearings, you will learn that the Kaiser enterprises are a sort of mutual partnership between the Federal Government and Henry Kaiser, in which the Federal Government assumes all the risk and hopes to get a portion of the return from the profits. I predict that they never will pay off these loans. Many of them were made in the postwar period and I can find no justification whatever for such favoritism in the loaning of Government funds.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield.

Mr. JENSEN. The Director of the Reconstruction Finance Corporation testified that the Kaiser interests, if they were forced to pay up today, the Government would lose many millions of dollars on that transaction.

Mr. PLOESER. That is correct.

Mr. BRADLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield.

Mr. BRADLEY of Michigan. I was told a story just today by an investigator for the Merchant Marine and Fisheries Co., that when in California at one of the Kaiser plants last year the treasurer of that particular unit had in a filing box on his desk a 1-cent piece. When asked what that 1-cent piece was, he said, "Don't remove that. That is Mr. Kaiser's personal interest in this project."

Mr. PLOESER. Well, I imagine it amounts to a great deal more than 1 percent as it has accrued as a result of the spending of many, many millions of Government funds. But I think that is

entirely unjustifiable action for the Reconstruction Finance Corporation in the postwar period.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. JENSEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. PLOESER. While the minority has emphasized it in its report, I am not so sure that that is the exclusive opinion of the minority.

Now, we did differ on the Inland Waterways Corporation. Either my colleague from Iowa [Mr. JENSEN] or I will offer an amendment later on to put a slight restriction in the bill concerning the Inland Waterways Corporation. I want to make my position on the matter clear at this time. The Inland Waterways Corporation served a very necessary purpose, in my opinion, and did it very successfully up until the war. There may be justifying circumstances for the fact that in recent years, certainly all during the war, it has been showing a constant loss. But there are certain facts that stand out. First, that the Secretary of Commerce came before the committee and recommended the sale of the Inland Waterways Corporation. I imagine the chairman of the Committee on Appropriations is in conflict with the Secretary of Commerce in his opinion, and said this, that either the Corporation should be sold in accordance with the law, and even though he admitted he did not feel the law had been completely complied with, and I do not think the law has been fully complied with, he felt it had been sufficiently complied with that it was time for him, in his duty as Secretary of Commerce, to come before the Congress and ask for legislation to sell the Corporation.

The adoption of the amendment which will be offered does not sell the Corporation. The difference of opinion between the views of the majority and the minority on this committee will not affect the sale of this particular Corporation one way or the other except as those opinions are adopted possibly by another legislative committee which would have to consider specific legislation to make the authorization. But there is this difference; we know on testimony that the Corporation can be expected to continue heavy losses in operation unless there is a complete rehabilitation of its floating equipment. That estimate is somewhere in the neighborhood of \$10,000,000, and probably is not a good firm estimate because of the fluctuations in construction costs. Either we must give the Corporation the right to spend \$10,000,000 of its assets for rehabilitation purposes or else we must say to them that within the next year or possibly 2 years we are going to require them to make a sale of the assets of the Corporation. And until that decision is made, in the light of recommendations of the Department of Commerce, I think it is the duty of this House, and certainly the duty of the Appropriations Committee, not to make any allowance for replacement of floating stock or equipment. In this bill, while it is not evidenced in the language of the bill, the authority does exist for

them to spend about \$2,600,000 for replacement of equipment. We will seek to put a prohibition against that replacement. If in the interim period between now and the next appropriation bill dealing with this matter the Congress has acted either pro or con on the subject of sale, then I shall expect this committee to be unanimous in carrying out the most recently expressed opinion of Congress.

The Corporation has substantially served its purpose. There is one segment of the riverway between St. Louis and Kansas City in which there is grave doubt as to whether it has served its full purpose, and the minority has expressed that opinion in its report.

We do not propose that it be sold except under the strict interpretation of the law, but we do propose that we support the Secretary's recommendation that he come before the Congress and ask for an authorization of sale, remembering that such authorization should comply with the original act insofar as it requires the purchaser to carry on and continue all of the activities conducted by the Corporation to date. I am not interested personally in all the squabbles that are going on with the former head of the Inland Waterways Corporation or with the Secretary of Commerce or his squabbles or any of his troubles in the management of the business; I am interested only in the service that is conducted on that river. I want substantial compliance with the law, and when that has been done and on that premise we recommend going forward with the sale of the Corporation.

It will be argued that by rehabilitating the Corporation we stand a chance of getting a much better price. That is certainly doubtful, and there is no evidence in the hearings which justifies that opinion fully.

As I told you before, two amendments will be offered, one to strike out section 302 because we believe it weakens the bill; and the other to deny to the Inland Waterways Corporation any funds for rehabilitating equipment until a decision is made as to what disposal will be had on the part of the Corporation.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. JENSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. NORBLAD].

Mr. NORBLAD. Mr. Chairman, I am amazed to learn that we are appropriating the sum of \$10,000, administrative expenses, for the United States Spruce Corporation, and I am certain that the people of the Pacific Northwest who are familiar with the activities of this organization would likewise be amazed to know that the taxpayers are still paying for the continuation of this long defunct corporation. The purpose and usefulness of the Spruce Corporation, which was organized in August 1918, ended on Armistice Day of that same year. It was the sole purpose of this organization to provide spruce lumber for aircraft of the United States and our allies during the last war.

I fully realize that it necessarily requires reasonable time for liquidation and

termination of an organization of this type, but it is absolutely inexcusable that this liquidation should have taken 23 years. No adequate excuse or reason has been or is given in the committee reports for this neglect and delay.

Although this bill provides that the administrative duties and responsibilities of this Corporation shall be assumed by the War Department officers and employees on January 1, 1947, it is my position that we should make the termination of this corporation and all of its affairs absolutely mandatory by July of 1947. If this has not been accomplished within the next year, I shall demand a full and complete report of the activities of this organization, an account of the moneys expended, and the names, duties, and functions of those who have been receiving these public funds over a period of years. This Corporation must wind up its affairs and discontinue this protracted expenditure of the taxpayers' money.

(Mr. NORBLAD asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The gentleman is recognized for 10 minutes.

Mr. WHITTEN. Mr. Chairman, Members who have preceded me have discussed some of the problems we had in considering this bill making appropriations for the various Government corporations.

Government corporations have proved to be one of the most effective means of carrying on many types of government business. It is hard to place the full value on the operations of the Reconstruction Finance Corporation for instance. This Corporation has bailed out thousands of drainage districts, railroads, banks, and many others. By reason of their activities the stockholders, the people, of the Nation have been saved, landowners saved their lands, depositors their deposits, and all this at a net profit to the Nation.

The Export-Import Bank has moved into foreign trade 800,000 bales of cotton; the Tennessee Valley Authority has brought light and power to literally millions of our people; the Commodity Credit Corporation has supported prices for agricultural commodities saving to the farmers of the Nation millions of dollars, and this too at a profit to the Government.

Yet the operation of these corporations and other Government corporations is a big part of government. They handle billions of dollars and, of course, should be under the surveillance and control of the Congress. Heretofore we have not had the proper control of such Government corporations, nor have we had an adequate knowledge of their operations. The Congress recognized this last December when it passed the Corporation Control Act bringing these Government corporations under the surveillance of the Congress and providing also for the Appropriations Committee to conduct those hearings and to pass on the administrative expense of these corporations for the next fiscal year.

The statute providing for corporation control having passed only in December of last year the Budget Bureau and Comptroller's office have had insufficient time to prepare for the consideration of the committee either audits or budget reports in the fullness that would have been most helpful to the committee in considering this problem; however, the committee itself was appointed only a very short time before these hearings were begun and when we did get the Budget report and started hearings we had the best available information. That best available information was not always adequate and we are looking forward next year to having more information for the consideration of the committee and expect to do a much more thorough job than we were able to do at this time.

In the consideration of these corporations this committee as a subcommittee of the Appropriations Committee, insofar as the law permits, has kept in this bill a strict control over the operations of these corporations during the ensuing year.

Mr. Chairman, much ado has been made about the minority report filed with regard to this bill. It has been my pleasure to have served on the Appropriations Committee with the various members of the subcommittee for some time. The chairman of our subcommittee is most fair. There is no more able chairman of a committee in all the Congress. He applies himself to his duties, he works hard, and has done a splendid job of directing and steering the activities of this committee. The other Democratic member, the gentleman from Tennessee [Mr. GORE], and the minority members, the gentleman from Iowa [Mr. JENSEN] and the gentleman from Missouri [Mr. PLOESER], of this committee are all splendid gentlemen. They have worked hard in their effort to carry out the intent of the Congress and to really go into the workings of these Government corporations. I may say if you will read the hearings this will be very revealing to you. All the ramifications of the activities of these corporations are almost unbelievable. Truly they reach throughout the world. The minority members have cooperated and helped us in every way in the consideration of this bill. Their real work in this bill, in my opinion, is reflected in the bill itself and in the majority report to which they subscribed. So far as this minority report is concerned, if you will read it you will not find where they differ from us in the amounts of money that were appropriated in any case.

You will find that in many instances they are not in favor of the substantive law which makes it necessary that the Committee on Appropriations provide adequate appropriations. You will find that they advocate quite a number of changes in the substantive law. In other words, in my opinion the minority report is nothing more or less than a speech which could very properly be made by either of these gentlemen on the floor of this House in regard to this bill. It also embodies much on which they might go to the appropriate legisla-

tive committee advocating a change in the substantive law.

Basically you will find the minority members differ with us not in what has been done in this committee, but in the changes in the substantive law which they would like to have carried out.

Mention has been made of the Inland Waterways Corporation. I do not think they seriously argue that this committee has anything in the world to do with whether the Inland Waterways Corporation is sold or not. The Inland Waterways Corporation, under the basic law, can only be sold when certain conditions are met. I think all agree that those conditions have not been met. I think the Secretary of Commerce was inviting the question when he brought it before this committee. It is properly pending, as he stated, before the appropriate legislative committee. It is surplusage, so to speak, bringing it to the attention of this committee, but having brought it to the attention of the committee we tried to bring out the facts in regard to it. But this committee cannot sell it and they cannot tell them not to sell if the requirements of the law are met. The minority report filed by these gentlemen is merely an expression of what they think the proper legislative committee of the Congress should do. The majority members of the committee felt that there was no need for this minority report, but it does not reach what is contained in this bill. The same thing might be said in regard to whether or not additional staffs should be provided for the Committee on Appropriations. True, some members of the whole Committee on Appropriations feel that additional staff members should be provided for each subcommittee. That would require some change in the present set-up, and as was brought out here, the members who signed this minority report recognized what is needed because they went before the Subcommittee on Reorganization of the Congress and recommended that it be incorporated there, because that is the proper place. But it does not necessarily mean a great deal by having it in the so-called minority report.

In regard to inter-American affairs, which is pointed out in the minority report, they call attention to the fact that while we did not especially like some of these contracts, the Federal Government had entered into such contracts with some of these foreign governments; and whether they were wise or unwise, they were entered into during the war, and, being contracts, this Congress could only do what the committee did, and that was to provide for the carrying out of our commitments. So there is nothing in that paragraph which would differ with the action of the whole committee nor with the majority report.

In regard to the Reconstruction Finance Corporation, I think I should take issue with my good friend, the gentleman from Missouri, when he said that the RFC is soliciting business. It was clearly brought out in the committee that to obtain a loan from the Reconstruction Finance Corporation you must show that you cannot borrow the money from private sources. The hearings are

clear also that if you cannot borrow it from private concerns and do borrow it from the RFC, the RFC then makes that loan available to commercial interests and they will let the private commercial interest take it even after they refused to make such loan in the first instance. I do not think they want to strike at the RFC. I think they want to complain a little on general principles.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTEN. Mr. Chairman, I yield myself five additional minutes.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Tennessee.

Mr. GORE. Does the gentleman not recall the testimony before the committee to the effect that \$300,000,000 in securities had been purchased by the RFC but of that amount \$275,000,000 had been sold to private interests.

Mr. WHITTEN. I thank the gentleman for that statement. It is absolutely borne out by the evidence before the committee and in the copies of the hearings before us. In addition, the \$25,000,000 which was not sold was on a project which has not been completed but which was held up by reason of the war and will be offered to commercial interests as soon as the project is completed.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Missouri.

Mr. PLOESER. I think I should make myself very clear to my distinguished colleague and friend that the general practice of the Reconstruction Finance Corporation as conducted by the Board of Directors is to make strictly business loans. If they are strictly business loans, 90 percent of the time there are other means of financing which will do the job. But take the Kaiser loan, for example. I doubt if any bank or any group of bankers in America would have made that loan. I doubt if the Reconstruction Finance Corporation would have made that loan; in fact, I have good reason to know they would not have made the loan if it had not been for pressure brought upon them from other departments of the executive branch.

Mr. WHITTEN. The gentleman mentions the Kaiser loan. In the first place, I do not claim to have complete knowledge with regard to the Kaiser loan. From the general information which has been in the press and elsewhere it is doubtful that anyone will take pride in some of the ramifications of the Kaiser business interests. At the same time, I think we should call attention to the fact that the Kaiser loans were made during the war largely in an effort to promote the war. Whether it was wise or unwise, it made a great contribution.

Since the war, the Government has been left with a considerable part of those activities which were built by Government money on loans to Kaiser and on which he owed money and which he could not pay with the cessation of the war activity and with the cancellation of his contracts. So the Government, as borne out by the record—and that is all

I can say; I know nothing further than that—then was faced with a great loss of money which had been loaned to the Kaiser interests and to build war plants by reason of the cancellation of his contracts the RFC either had to foreclose on the properties which had been put up with Government money or they had to finance the conversion of those facilities to peacetime operations. It was a case of losing what you had in it or, by making additional loans, permitting the conversion of those facilities so that the Kaiser interests could work it out and the Government in the long run would lose less money. The decision was whether to lose this amount of money or try to advance some additional money and by reason of that make the loss to the Government smaller. Whether that was wise or unwise, they make a very good showing in this record.

In addition, with regard to some of these facilities representatives of the RFC clearly showed to the committee that with regard to the sale to the Kaiser interests it was made at a considerably higher price than they had been offered for similar facilities in another State of the same kind; in fact, it was about two to one times greater than was true in the other case. Whether that was good business or bad business, if you will read this record you will find that the Reconstruction Finance Corporation made a very good showing as to why these agreements were entered into. We were caught with outstanding loans to the Kaiser interests for war activities. They could not meet them when we canceled their contracts. We either had to take our loss then or try to enable them to work it out.

With regard to the automobile activities of the Kaiser interests, the record shows that not one dollar of Federal money has been advanced with regard to that. It does show that the RFC leased the Kaiser interests the Willow Run plant, but only after they tried to lease it to everybody else under the sun and nobody was interested in it at all. This man entered into a contract which will pay to the Government a considerable amount of money in the event he is able to meet his commitments.

I do say that the record shows that the Reconstruction Finance Corporation will not make commercial loans without a showing that the money cannot be obtained from private sources. It further shows that if you cannot obtain such loan from private sources and borrow the money from the Reconstruction Finance Corporation, then the RFC will offer those securities and those notes to private interests and the RFC will get rid of such paper as fast as private commercial interests will buy it.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. MAHON. Mr. Chairman, I yield five additional minutes to the gentleman from Mississippi.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Indiana.

Mr. SPRINGER. Does the gentleman feel reasonably certain that the advancement of this additional sum in the

Kaiser case will assure a return to the Government which they could not otherwise secure?

Mr. WHITTEN. The gentleman is asking me to pass judgment on a matter that I frankly admit I do not know too much about. From the showing that was made to this committee, apparently there is an excellent chance that by reason of making some additional advances for converting these wartime facilities over to peacetime use the Kaiser interests will be able to repay the Government and will thereby reduce to a large extent the amount of loss which we would have had if we had merely taken our loss as a wartime expenditure and quit. All I can refer you to is the showing which was presented to the committee and which has gone out in the hearings.

Mr. SPRINGER. Under the showing that was made, do you feel reasonably certain you will be able to make a better recovery by reason of the advancement than you would otherwise make?

Mr. WHITTEN. So far as the showing that was made to us is concerned, that is the conclusion that I as a reasonable man would draw. I do not claim to be an expert in this type of matter. I must accept at face value the statements of those officials of the RFC who testified before our committee and who have been conducting the activities of this organization.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

I think it is worthy of particular note that \$34,500,000 for refunding operations was loaned without interest for a long period of time. I think it is an old, sound practice of banking that you do not chase good money after bad. I think if the gentleman would go to the RFC and have conversations with them he would get these answers: that they do not think it is a good loan; they did not think it was a good loan; they do not believe they are going to recover their money; they do not even hope to recover their money; they never would have made the loan if they had not been pressured to do so.

Mr. WHITTEN. The gentleman may be closer to the RFC than I am. I am going wholly by the testimony in the record. I claim no outside knowledge. But, if there is any outside knowledge, it is in the mind of the gentleman himself or someone who has been closer to them than I have. All I know is what has been brought out in the record. I feel if the gentleman had any personal knowledge of the matter he would have developed it fully so that the whole committee would have had the benefit of it.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. MILLER of California. The gentleman realizes that on this so-called Kaiser deal the Kaiser interests agree to accept the Fontana steel plant at the full value, at a price of about \$115,000,000, against which he has pledged some \$27,000,000 of his ship profits. Of course, we can push Mr. Kaiser around now that we do not need his skill to build ships any more, but he established a record that we were very proud of in this country sometime ago. By Kaiser's taking

the Fontana plant at full value the Government has a chance to recover all of its investment—no water has been wrung out of it. By comparison, another steel plant in the West was disposed of recently in which over \$200,000,000 of Government money was invested, it was liquidated for about \$47,000,000. That was not such a good deal.

Mr. WHITTEN. Of course, the committee has passed judgment on what it has had before it, and that is all that we could do.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. PLOESER. May I say to the gentleman who has just spoken that certainly I do not condone the conditions about which he complains—I complain with him. For the benefit of my distinguished friend from Mississippi, let me say that the additional information I have gotten on the Kaiser loan has been obtained since the hearings, and some of it arrived here only at 1 o'clock this afternoon. I am going to extend that part in the RECORD.

The matter referred to is as follows:

MAY 27, 1946.

HON. CHARLES B. HENDERSON,
Chairman, Reconstruction
Finance Corporation,
Washington, D. C.

DEAR MR. HENDERSON: This is to confirm my verbal request regarding RFC loans to the Henry J. Kaiser interests.

I would like you to prepare for me a brief and specific history of the Kaiser loans, showing the amount of money loaned, the period for which it was loaned, when repayment and in what amount was made, interest rates, interest paid, principal paid and principal delinquent, at whose instigation or recommendation loans were made and for what purposes, why the refunding operation was requested and why it was granted and at whose instigation or recommendation.

Please also include balance sheet of Kaiser industries which guarantees these loans.

If you care to comment on whether you think these loans are sound banking loans, whether your collateral is adequate, and whether you have firm reason to expect completion of commitments from the borrower to the Government, I would appreciate it.

With kind regards, I am,
Sincerely yours,

RECONSTRUCTION FINANCE CORPORATION,
Washington, June 13, 1946.

HON. WALTER C. PLOESER,
House Office Building,
Washington, D. C.

DEAR MR. PLOESER: This will acknowledge receipt of your letter dated May 27, 1946, requesting that you be furnished with certain information regarding RFC loans to the Henry J. Kaiser interests.

KAISER CO., INC., OAKLAND, CALIF.

As a result of letters and recommendations received from the War Production Board and its predecessor, the following loans were authorized to Kaiser Co., Inc. Kaiser Co., Inc., consists of two divisions, the shipbuilding division which operated shipyards for the Maritime Commission, and the iron and steel division. The loans in question were made for the benefit of the iron and steel division, and net profits from fees received by the company from the Maritime Commission for the building of ships were pledged to the repayment of the loans.

On March 4, 1942, a loan was authorized in the amount of \$48,700,000 for the requisition

and construction of iron and steel plant facilities located principally at Fontana, Calif., and subsequently other loans were authorized for the same purpose (but including \$16,650,000 for working capital), all aggregating \$111,805,000 and all of which was disbursed. Interest on these loans was paid at the rate of 4 percent to July 1, 1945, and payments were made reducing the aggregate balances thereof to \$102,788,198.13.

Prior to July 1, 1945, the officials of the company discussed with us the possibility of obtaining additional funds to provide additional facilities and to improve some of the existing facilities for postwar civilian production. We were of the opinion that these changes would add to the protection of our loans.

Of the balance due on July 1, approximately \$10,318,000 represented working capital which had been advanced by the RFC and \$92,510,000 represented plant investment. We retained Arthur G. McKee & Co., Cleveland, Ohio, a leading industrial steel and engineering firm, to make a complete survey of the Fontana plant.

On August 18, 1945, the aggregate balances outstanding were authorized to be refunded by three loans. However, this action was amended on September 26, 1945, so as to provide for two refunding loans as follows:

A loan in the amount of \$79,818,000 (which included \$11,500,000 for the acquisition and construction of additional plant facilities), maturing July 1, 1960, to be evidenced by two notes, one in the amount of \$69,500,000, payable as follows: Three consecutive annual payments beginning July 1, 1948, of \$1,390,000 each, thereafter consecutive annual payments of \$2,780,000 each; interest for the period from July 1, 1945, to June 30, 1947, payable out of net earnings of the iron and steel division, but not to exceed 4 percent; beginning July 1, 1947, interest to be payable quarter-annually at the rate of 4 percent per annum. The second note of \$10,318,000, payable \$412,720 annually, beginning July 1, 1953. Interest for the period from July 1, 1945, to June 30, 1947, payable only out of

net earnings out of the company's iron and steel division and not to exceed 4 percent. Beginning July 1, 1947, interest to be payable quarter-annually at the rate of 4 percent per annum. In addition to the foregoing required annual payments on the two notes, borrower is required to pay for application first on account of interest and principal of the second note, then to interest and principal of the first note in regular order of maturity, 27½ percent of the net profits of the company's shipbuilding division received in connection with contracts for construction and repair of shipyards and vessels entered into prior to July 1, 1945.

A second loan in the amount of \$34,510,380.23, due July 1, 1970, and to be repayable from 25 percent of the net earnings of the company's iron and steel division remaining after payments required to be made on account of the first loan, the first of such payments to be based on net earnings for the period from July 1, 1945, to June 30, 1947, and annually thereafter; and 72½ percent of the net profits of the borrower's shipbuilding division received under contracts for the construction and repair of shipyards and vessels entered into prior to July 1, 1945. This loan does not bear interest.

Enclosed is a schedule showing the status of the 10 loans to Kaiser Co., Inc.

As to your inquiry as to whether we think these are sound banking loans and whether the collateral is adequate and whether we have a firm reason to expect repayment, I wish to state that it must be recognized that the loans in the first instance were made to make possible the production of iron and steel to be used in the war effort in the construction of ships, and in this respect we believe the company did an excellent job. The management of the steel plant has been improved and earnings are increasing.

The loans are not guaranteed by any other Kaiser industries. The stock is owned 100 percent by the Henry J. Kaiser Co.

THE PERMANENTE METALS CORP., OAKLAND, CALIF.

Upon the recommendation of the predecessor of the War Production Board that the Reconstruction Finance Corporation coop-

erate with the above company in the creation and establishment of a magnesium plant, a ferrosilicon plant, and a dolomite calcining plant, net loans aggregating \$28,475,000 were made for such purposes. These loans were made during the period February 21, 1941, and September 25, 1943. The loans were fully disbursed and bore appropriate annual repayment provisions with interest payable monthly at the rate of 4 percent per annum. The loans were to mature on December 22, 1951. As of November 28, 1945, all loans, including all accrued interest, had been entirely paid and the company is no longer indebted to this Corporation.

Henry J. Kaiser Co. and the Kaiser Co. each owned 11.8 percent of the stock of Permanente, the balance of the stock being held by others.

KAISER CARGO, INC., OAKLAND, CALIF.

On March 4, 1943, as a result of a letter received from the War Department, a loan was made to the above company in the amount of \$1,000,000, to be repaid \$18,333 monthly, including interest, plus 75 percent of the company's net earnings.

The loan was made to apply on the purchase price (\$1,695,059.15) of all the assets of Fleetwings, Inc., Bristol, Pa., interested parties furnishing the remainder of the funds required for the purchase price. The loan was fully disbursed and was to mature June 17, 1948. On February 14, 1946, the then unpaid balance of \$525,535.72 and accrued interest was paid and the company is no longer indebted to this corporation.

Henry J. Kaiser Co., the Kaiser Co. and California Kaiser Co. own 45 percent, 15 percent, and 15 percent, respectively, of the stock of the company, the remaining 25 percent being held by others.

I have endeavored to give you the information requested and if it is not sufficient for your purpose, I shall be glad to furnish any additional information which you may desire.

With kind personal regards,
Sincerely yours,

CHARLES B. HENDERSON.

Kaiser Co., Inc., status of loans

N. D. loan No.	Authorized		Disbursed			Maturity date	Amount principal paid	Amounts refunded	Interest paid	Use of loan proceeds	
	Date	Amount	From—	To—	Amount					Fixed assets	Working capital
1-----	Mar. 4, 1942	\$48,700,000	Mar. 19, 1942	Apr. 13, 1943	\$48,700,000	Mar. 16, 1952	\$3,758,851.87	\$44,941,148.13	\$4,979,290.23	\$45,200,000	\$3,500,000
2-----	July 10, 1942	8,619,000	Nov. 12, 1942	May 18, 1943	8,619,000	-----do-----	647,500.00	7,971,500.00	722,968.15	8,619,000	-----
3-----	Oct. 1, 1942	700,000	Jan. 20, 1943	Sept. 30, 1943	700,000	-----do-----	64,750.00	635,250.00	55,772.43	550,000	150,000
4-----	Nov. 2, 1942	26,050,000	-----do-----	Feb. 9, 1944	26,050,000	-----do-----	1,980,000.00	24,070,000.00	1,833,719.07	23,550,000	2,500,000
5-----	Apr. 10, 1943	21,736,000	June 18, 1943	Oct. 31, 1944	21,736,000	-----do-----	1,735,000.00	20,001,000.00	1,232,303.13	14,236,000	7,500,000
6-----	Sept. 18, 1943	4,000,000	Dec. 22, 1943	Sept. 25, 1944	4,000,000	-----do-----	727,200.00	3,272,800.00	181,198.63	1,000,000	3,000,000
7-----	Jan. 27, 1944	1,000,000	Aug. 24, 1944	-----	1,000,000	Jan. 31, 1952	-----	1,000,000.00	20,602.74	1,000,000	-----
8-----	Dec. 22, 1944	1,000,000	Apr. 3, 1945	Oct. 5, 1945	1,000,000	Mar. 16, 1952	103,500.00	896,500.00	3,091.72	1,000,000	-----
Total-----		111,805,000			111,805,000		9,016,801.87	102,788,198.13	9,028,946.10	95,155,000	16,650,000

Refunding loans (LBE)	Authorized		Disbursed			Maturity date	Amount principal paid	Balance
	Date	Amount	From—	To—	Amount			
9-----	Aug. 18 and Sept. 26, 1945	\$79,818,000.00						
Note 1-----		69,500,000.00	Nov. 17, 1945	May 31, 1946	\$59,099,817.90	July 1, 1960		\$59,099,817.90
Note 2-----		10,318,000.00	-----do-----	-----	10,318,000.00	-----do-----	\$482,235.14	9,835,764.86
10-----	Aug. 18 and Sept. 26, 1945	34,510,380.23	-----do-----	-----	34,510,380.23	July 1, 1970	1,271,347.19	33,239,033.04
Total-----		114,328,380.23					1,753,582.33	102,174,615.80

Mr. WHITTEN. May I say to the gentleman, knowing him as I do, that I do not mean to charge him with holding out anything on the committee. I know that on any information that he may have he would give the committee the benefit of it as has been and is his policy.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MAHON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WHITTEN. I feel this committee has done a fine job in developing for the information of the House the background

and the history of the operations of these corporations. We have tried to bring out a comprehensive statement of the projected plans of each of these corporations for the next fiscal year. As I have stated, we did not have available an audit of those corporations which

must come only after we have had adequate time to make such audits and which are in process of being made. We have tied to tie these corporations to the program as outlined in the budget. We have approved the programs which were outlined in the budget.

We have provided that in proper cases, other programs which were not listed, or in proper cases they would have a right to add that program to the year's operation in the event necessity dictated it, and in the event such program was authorized by law.

This is not a perfect job, but it is a good job, in my opinion. I know the other members of this committee have worked diligently in an effort to bring this to you. As I say, the minority members of this committee have worked hard and their real work is reflected in the actions of the committee and in the majority report. I say again, this minority report is much ado about nothing, for the reason that a good speech about the substantive law should properly be made before a legislative committee. These gentlemen are friends of mine. I felt there was no occasion for a minority report. As far as I know, they are within their right if they want to express their views in this way. They have done so. At the same time their real worth in this activity is reflected by the majority report and by the bill on which you will find no differences in the minority report.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. MAHON. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. EARTHMAN].

(Mr. EARTHMAN asked and was given permission to revise and extend his remarks.)

Mr. EARTHMAN. Mr. Chairman, we have heard most interesting and enlightening remarks made by those who have preceded me, by way of explanation of the appropriations provided in this bill for Government corporations for the fiscal year 1947. While I am not a member of the committee, I have studied rather thoroughly the testimony presented by the Committee on Appropriations as well as the committee report.

I shall not attempt, in the limited time apportioned me, to discuss all the provisions contained in the bill, but in that I represent the Fifth District of Tennessee, I do not feel that anyone is more familiar or conversant with the operations and benefits of the Tennessee Valley than am I.

I remember very distinctly when only a portion of the inhabitants of the towns and villages in my section had electricity in their homes. At that time electricity on a farm or anywhere in the rural sections was the exception. Under those conditions the farmer was limited in his agricultural activities and confined largely to laborious and hazardous crops to provide the actual cash required for maintenance of his farm operations and his family.

The common expression at that time was, "A farmer is a hazardous financial risk for he has nothing but to wait for

the fall (of the year) and a failure (crop) with which to pay."

Throughout my section, which was true of most of the area now served by TVA, the landscape was brown and dingy the most of the year, due to the fact that we were almost entirely dependent on row crops which resulted in stubblefields unattractive in appearance. This condition was uninviting and had no appeal especially during the winter months because of the general appearance void of beauty of landscape.

As a vocation farming was not appealing due to the fact that most of the income was on an annual basis. Coupled with the crop failures, this condition created an uncertainty which prevented the farmers from budgetary methods. This prevented plans for family advantages and in far too many cases necessitated on the part of every member of the household the grind of labor without pleasure or pay.

I have seen the picture change. As an eyewitness I have watched the transition with much pleasure. As I ride through the countryside I find myself among a people whose years will be lengthened and their tasks lightened. As I approach the average farm home today, instead of the stubblefield I gaze upon fields carpeted with green velvet, as it were, thickly dotted with livestock either winter or summer. This picture often is framed by a neat white fence and in the background a cozy, comfortable cottage with green shutters, with vines around the door, with blooms whose fragrance beckons a welcome call to a happy home.

The children are no longer ashamed to invite their city friends as of yore. It is not necessary to draw four or five bucketsful of cold water with a zinc tub in the apple orchard, with lye soap and a corncob, and the honeybees flying around, in order to get a bath.

Father is in a better humor when he greets the visitors for he no longer has to trudge in the darkness through the barn lot in mud shoe-mouth deep to feed and milk by lantern light.

Mother is all smiles as she joins the children in greeting their guests, for her hours of toil—sweeping with an old-fashioned broom, carrying water from the well, keeping the wood-burner in the kitchen red hot, as she suffers in the unbearable heat providing niceties with which to supply the table—are lightened and shortened.

Yes, I have seen it all change for now when the children romp in from school, they flip a switch and the lights become brilliant and when mother commands that they tidy up they run upstairs and draw water out of the side of the wall, and it is hot, with a turn of the wrist. They, like their city friends, now get into their shiny slick tubs and with a crooked brush can touch that impossible spot between their shoulder blades. Their clothes are spick and span and well ironed for mother, with little effort, with the electric iron has long since finished the family laundry. The house is spotless, the vacuum cleaner safely tucked away, as they sit back, all through with their chores, tidy and happy, listening to an enjoyable radio program, awaiting

the arrival of their friends; and mother finishes up in the kitchen which is equipped with an electric stove and ice box.

They hear their daddy whistling as a boy as he comes from his tasks with an air of security, calm, and happiness. For he now does not have to wait for "the fall and failure." With the aid of electricity, his motors turn, which enables him with a minimum of labor to expand his operations on a dependable basis, and each month his milk checks and other income has enabled him to make a budget with reasonable certainty that includes year-around advantages for his family and himself.

If time permitted, I should like to endeavor to paint many other pictures of the changes for the better which I have observed in the last few years.

What caused this picture to change? Why, it has all come about since the advent of electricity at reasonable rates in the country and greatly reduced rates in the towns provided by TVA through the lines of REA and municipally owned electric systems.

I am very sorry indeed that the shortage of houses and homes for the veterans exists, not only because of the veterans but because the committee has seen fit to temporarily postpone the building of the South Holston and Watauga Dams.

The Congress of the United States passed a law May 18, 1933, creating the Tennessee Valley Authority. It was established to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The Corporation was also specifically authorized to take over the World War I munition-plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined by Executive Order 6161—June 9, 1933—that TVA should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory.

I have only mentioned a very few of the present and potential advantages offered millions of people by this great Authority. If time permitted, I should like to paint many pictures of transition. I would like to discuss the influx of industry into the Tennessee Basin following cheap power. I would like to take up the great advance made in the production of fertilizers. It would be a revelation to see what has been done in the way of soil conservation to say nothing of the general betterment in the welfare of a people served by TVA and REA. It is needless for me to describe the mammoth part played by the facilities and power produced by TVA in the war effort for you Members of Congress saw this picture as I did.

My advocacy of the provisions in this bill cannot be expressed strong enough in mere words for I live in the land of the TVA and I know and have seen the change.

Mr. MAHON. Mr. Chairman, I have no further requests for time on this side.

Mr. PLOESER. I have no further requests on this side.

The CHAIRMAN. The Clerk will read.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that the bill be considered as read and that it now be open for amendment.

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, would any part of the bill be open to points of order at this time?

Mr. MAHON. That would be agreeable to me.

The CHAIRMAN. Does the gentleman include that in his request?

Mr. MAHON. I include that in my request, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, I desire to make a point of order against section 302 of the bill on the ground that it is legislation on an appropriation bill and violates the Government Corporation Control Act.

The language clearly is legislation. It proposes to make it possible for the corporation or agency to change its budget program on getting Presidential approval and initiate programs, authorized by law to be sure but not programmed or set forth in the budget submitted to and approved by the Congress. If it were not for this language it clearly would be a violation of the Government Corporation Control Act for them to do so. The presence of the language in this bill is evidence of the fact that it seeks to make possible doing something which otherwise would not be possible to do under existing law. Therefore, it constitutes legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Tennessee desire to be heard on the point of order?

Mr. GORE. I do, Mr. Chairman.

Mr. Chairman, under the present law, without the passage of this act, the various governmentally owned corporations included in this bill have the authority, with or without approval of the Presi-

dent, to expend funds available to them either through appropriations or through their borrowing authority, for purposes authorized to them by law.

This provision seeks to give the corporations an escape valve, so to speak, to deal with new emergencies or situations not anticipated in their budget, not from the law as it now is, but from the previous sections of the pending bill. Therefore, Mr. Chairman, section 302 gives to the corporations no authority which they do not now have. It does give to the corporations, Mr. Chairman, some limited authority which they are denied in previous sections of the bill.

I see no legislation despite the views expressed by the gentleman from South Dakota who made the point of order, involved in this section. It cannot therefore be regarded as legislation on an appropriation bill; it is merely a limited relaxation of the restrictions contained in previous sections of the bill.

Mr. WHITTEN. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Mississippi.

Mr. WHITTEN. If the Chairman please, the Corporate Control Act provides in section 103—with which the chairman is thoroughly familiar, having served on the committee which prepared this originally as follows:

The budget program of the corporations as prepared and authorized by the President shall be transmitted to the Congress as part of the annual budget—

And so forth.

The budget transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine.

The provisions of this section shall not be considered as preventing wholly-owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provision of section 26—

And so forth. This clearly gives to the Congress the right to pass on the budgets of these various corporations in line with section 104 of such Corporate Control Act. This budget was submitted to the Congress. It was transferred or directed to the Appropriations Committee for appropriate action under the act. The Appropriations Committee in handling this bill, as they are authorized to do under section 104, it having been directed to this committee, provided in title II on page 4:

The following corporations and agencies, respectively, are hereby authorized to make such expenditures within the limits of funds and borrowing authority—

And so forth. By such section this committee approved the budget programs of these various corporations for the next fiscal year and tied those corporations to those budget showings. This committee, if it had ended its language with that statement or with the provisions of title II beginning at line 13, page 4, would have run directly into conflict with section 104 of the basic law, the Corporate Control Act. Having provided title II, the first paragraph, the only way that we pre-

vented such provision from conflicting with section 104 of the Corporate Control Act was by providing section 302, which permits such corporations to carry out activities authorized by law but not included in the budget of such corporation considered by the committee. Section 104 of the Corporate Control Act preserves that right to Government corporations.

So in my view, Mr. Chairman, the Corporate Control Act provides for a wholly different procedure to that customarily followed by a subcommittee of the Appropriations Committee; and this bill having been referred to the Appropriations Committee, I feel that in this instance the committee has jurisdiction to discharge the duties that are set out on the part of Congress in the Corporate Control Act, and is acting with additional rights and authorities with regard to this particular bill as compared with the jurisdiction of the Appropriations Committee handling on direct appropriations.

If this committee is without authority to retain section 302 in this bill, then the committee is without authority to carry out the provisions of the Corporate Control Act.

On the other hand no legislative committee of the House would have authority to carry out the provisions of the Corporate Control Act for they have no jurisdiction over the appropriation features of these corporations.

For these reasons I feel that the language to which the point of order has been made, section 302, must be included in this bill in view of section 104 of the Corporation Control Act, and the committee in providing such section is acting clearly within the provisions of the Corporate Control Act and therefore, is not to be judged by the usual rule with regard to appropriations or legislation on an appropriation bill. We are operating under different law with different duties outlined in the basic law.

The CHAIRMAN. Does the gentleman from Iowa [Mr. JENSEN] desire to be heard?

Mr. JENSEN. Mr. Chairman, I rise in support of the point of order made by the gentleman from South Dakota to say that, in my opinion, section 302 goes much further than the provisions of the basic act, in that it delegates to the President more power than is provided in the basic act, hence it is legislation on an appropriation bill.

Mr. CASE of South Dakota. Mr. Chairman, in the basic Corporation Control Act this language appears:

The budget program shall contain estimates of the financial condition and operations of the corporation for the current and ensuing fiscal year and the actual condition and results of operation for the last completed fiscal year.

It is impossible for me to read the entire sections 102, 103, and 104 of the Government Corporation Control Act without feeling that it was the definite intent of the act, and I speak with some assurance on that, and I feel that the Chairman, as well as the gentleman speaking, knows something of the intent of the act, to bring the entire operating program of the Government corporations before the Congress. The point which

the gentleman from Iowa has just made that the language in section 302 would take that control from Congress and place it in the hands of the President for the language in 302 specifically provides that in order to meet emergencies not provided for in the budget program that the changes may be made with the approval of the President. That clearly places in the hands of the President rather than the Congress the authority to initiate new programs not contemplated by the Congress when the bill was considered and it would be violative of the spirit and intent of the act.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Does the gentleman have before him section 104 of the Corporation Control Act?

Mr. CASE of South Dakota. Yes.

Mr. WHITTEN. After reading section 104 does the gentleman believe that the Congress granted to this committee any right to prevent these corporations from exercising activities authorized under the basic law? Section 104 in part states:

The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended.

Mr. CASE of South Dakota. The point of order is not directed to that section.

Mr. WHITTEN. No.

Mr. CASE of South Dakota. The language the gentleman has just cited deals with the provisions of section 104 which is not germane to the point of order being directed against section 302.

Mr. WHITTEN. With regard to the section to which the gentleman directs his point of order, it should be considered together with title II on page 4 in which we tie the corporations down to the budget submitted to us. If we tie them down to the program outlined in the budget, we are going contrary to section 104 of the Corporation Control Act. Without section 302 we violate section 104 of the Corporation Control Act with title II, page 4.

Mr. CASE of South Dakota. If section 302 remains in the bill it will be going contrary to the provisions of the basic act itself without regard to what it may do to other sections.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Tennessee.

Mr. GORE. Does the gentleman contend that without the passage of this bill, without regard to whether it is passed or not, that the corporations would not have authority under existing law to use funds available to them and their borrowing authority to carry out and initiate programs authorized by law?

Mr. CASE of South Dakota. Of course, that is not the question at all here. I contend that under the Government Corporations Control Act the Government corporations are required to present their

budget programs to a Committee on Appropriations of the Congress in order that they may be reviewed, in order that the Congress may authorize the appropriation of certain funds for possibly administrative expenses, and in that way to get a review of their entire program and to get a voice to determine what these agencies are going to do, and that the very act itself constitutes a chance for the Congress to have a review, and if you turn around and surrender that control and give it to the President, you have violated the basic act.

Mr. GORE. Section 302 does not do that.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield further?

Mr. CASE of South Dakota. I yield.

Mr. WHITTEN. I would like to address this to the gentleman from South Dakota. As was brought out by the gentleman from Tennessee, it is the contention of the Members of the committee that these corporations already have these rights; that they have full rights under the present law, and under section 104 of the Corporations Act to carry out all duties and activities which they are authorized to do by law. So that being true, section 302 does not take away any rights. It grants no new rights but attempts to restrict to a certain course of procedure the exercise of the rights protected by section 104 of the Corporation Control Act.

Mr. CASE of South Dakota. If the gentleman were correct, there would be no necessity for putting the language in this bill.

The CHAIRMAN (Mr. WHITTINGTON). The Chair is ready to rule.

The gentleman from South Dakota makes the point of order against section 302 of the pending bill that it is legislation without authority of law on an appropriation bill. That section is as follows:

SEC. 302. In order to meet emergencies or contingencies arising subsequent to approval of the Budget and not provided for in the Budget program, a corporation or agency covered by the provisions of this act may, with the approval of the President, adjust its budget program to provide, within the limits of available funds and borrowing authority, for the immediate initiation of programs authorized by law and not specifically set forth in the Budget: *Provided*, That the new program shall be promptly transmitted to the Congress as an amendment to the Budget: *Provided further*, That nothing in this section shall be construed as authority for increasing the amount available for administrative expenses under any limitation on such expenses.

The appropriation under consideration is being made under Public, 248, Seventy-ninth Congress, the Government Corporation Control Act.

Section 2 of the act declares it to be the policy of the Congress of the United States to scrutinize the operations of the Government corporations and to provide current financial control thereof.

Section 103 provides that the budget programs of the corporations as authorized in section 102 shall be transmitted to the Congress by the President as a part of the annual Budget for the consideration of the Congress. Section 103 further provides that amendments to the

annual Budget programs may be submitted from time to time.

Section 104 provides in part, and I quote:

The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended.

The Chair is of the opinion that when the Budget of the President has been transmitted to the Congress and when that Budget has been considered and finally approved by Congress the only way a change can be made in the Budget is by an amendment to be subsequently passed by the Congress. That procedure certainly embraces the matter of administrative expenses.

The provisions of section 104 shall not be construed to prevent wholly owned corporations from carrying out and financing their activities as authorized by existing law, but when Congress approves the budget, Congress finds that the approval does not prevent the carrying out and financing of the activities. The law is plain. The approval of Congress is under the law. It is for Congress to say in approving whether or not corporations need additional authorizations to carry out and finance their activities.

When the administrative expenses have been approved by Congress, or when the carrying out and financing activities have been approved by Congress, the President may submit amendments, and Congress may adopt or reject the amendments, but the approval of Congress is binding upon the corporations until either further recommendations are submitted or amendments are adopted.

Section 302 of the pending bill provides for adjustments or approvals or amendments not by the Congress and, in fact, without any action by Congress. The said section provides for a procedure that is not contemplated under either the Budget and Accounting Act of 1921 or the Government Corporation Control Act, and is, therefore, legislation on an appropriation bill in violation of the rules of the House. The chair is therefore constrained to sustain the point of order. The point of order is sustained.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise. I may say that the subcommittee is authorized by the full committee to secure a rule for the consideration of this bill.

Mr. PLOESER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PLOESER. Is that motion subject to debate?

The CHAIRMAN. It is not.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Would it be possible to get a rule making in order a paragraph which had previously been stricken from the bill on a point of order, unless that rule was adopted by a two-thirds vote?

The CHAIRMAN. The Chair may say to the gentleman that that inquiry is not one that can be answered in the Committee of the Whole. It is a matter that would have to be determined by the Speaker of the House.

The question is on the motion offered by the gentleman from Texas [Mr. MAHON].

The question was taken; and on a division (demanded by Mr. MAHON) there were—ayes 33, noes 49.

So the motion was rejected.

Mr. JENSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENSEN: On page 23, in line 12, strike out the period and insert a colon and the following: "Provided further, That no funds shall be used for the purchase of floating equipment."

Mr. JENSEN. Mr. Chairman, the real purpose of my amendment is to prohibit the Inland Waterways Corporation from spending \$2,600,000 of their available money for new equipment, and to make repairs on old equipment. The Inland Waterways Corporation was instituted in 1922 for the purpose of developing inland waterway traffic. We contend that it has served its purpose as provided by law and that, as provided by law, it should be liquidated as soon as it had served its purpose. The Secretary of Commerce came before our committee and recommended that the Inland Waterways Corporation be liquidated. Nevertheless, the majority of the subcommittee recommended otherwise. They contend that the intent of the law has not been fully accomplished. The minority members contend that it has been sufficiently accomplished and that it should be liquidated with one exception which is stated in the minority report. The Corporation has lost money ever since 1939 while the competitive private water carriers have made money and have also contributed thousands upon thousands of dollars in tax revenue to the Treasury of the United States. All water rates are controlled by the Interstate Commerce Commission and rates are set by that Commission, so the rates must be fair and equitable. We contend that to spend more money in this failing enterprise would be throwing good money after bad money. That is the purpose of my amendment. I think it is justified in light of the facts in the case.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Nebraska.

Mr. STEFAN. In view of the fact that the gentleman's amendment is intended to liquidate the operation of the Inland Waterways Corporation, may I ask him, is there a prospective purchaser for the Inland Waterways equipment and would the liquidation of the Inland Waterways Corporation at this time necessarily handicap some of the shipments of grain that they need down the river?

Mr. JENSEN. It will not affect any kind of shipments. I will say to the gentleman that whoever purchases the Inland Waterways Corporation, and this is in the basic act, must carry on the

same functions in the same manner, so far as the transportation facilities are concerned, as does the Government at this time.

Mr. STEFAN. Is there a prospective purchaser for the Inland Waterways equipment?

Mr. JENSEN. Without a doubt there is, and without a doubt there will be many purchasers if we decide to sell the Inland Waterways Corporation and it is so publicized that the people may know it is to be sold. Because of the fact that the public now is being well served by private carriers and because this Corporation has served its purpose, we feel it should be entirely liquidated as soon as possible. Surely we should not spend \$2,600,000 on this old equipment under the circumstances which obtain.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. MAHON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-three Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 160]

Adams	Gavin	Norton
Allen, Ill.	Gearhart	O'Brien, Mich.
Andrews, Ala.	Geelan	O'Hara
Andrews, N. Y.	Gerlach	O'Toole
Arends	Granger	Outland
Baldwin, Md.	Grant, Ala.	Patrick
Baldwin, N. Y.	Grant, Ind.	Paterson
Barden	Green	Pfeifer
Barry	Gwinn, N. Y.	Philbin
Bennet, N. Y.	Halleck	Plumley
Biemiller	Harness, Ind.	Powell
Bloom	Harris	Quinn, N. Y.
Bonner	Hart	Rabin
Boren	Hartley	Rains
Boykin	Heffernan	Randolph
Brumbaugh	Hoffman, Mich.	Rayfield
Buckley	Hoffman, Pa.	Reece, Tenn.
Bunker	Hook	Rich
Butler	Horan	Richards
Byrne, N. Y.	Howell	Robertson,
Cannon, Fla.	Jackson	N. Dak.
Carlson	Jarman	Robinson, Utah
Celler	Johnson, Ind.	Roe, N. Y.
Clark	Johnson,	Rogers, N. Y.
Clason	Luther A.	Savage
Cochran	Jones	Sheppard
Cole, N. Y.	Judd	Slaughter
Colmer	Kearney	Smith, Ohio
Cooley	Kee	Smith, Va.
Corbett	Kefauver	Somers, N. Y.
Courtney	Kilburn	Stewart
Curley	King	Stigler
Curtis	Klein	Sumners, Tex.
Davis	LaFollette	Taylor
Dawson	Lane	Tolan
Delaney,	Lanham	Torrens
James J.	Luce	Traynor
Delaney	Ludlow	Vinson
John J.	McCormack	Wadsworth
Dingell	McGehee	Wasielewski
Doyle	McGlinchey	Welch
Durham	McGregor	Welch
Eaton	Madden	Wickersham
Ellsworth	Manasco	Wilson
Elsaesser	Mason	Winstead
Fuller	Monroney	Wolfenden, Pa.
Fulton	Morrison	Woodhouse
Gathings	Murphy	Zimmerman

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 6777, and finding itself without a quorum, he had directed the roll to be called, when 289 Members

responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 6777, with Mr. WHITTINGTON in the chair.

Mr. MARTIN of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to find out from the acting majority leader the program for the remainder of this week and for next week.

Mr. PRIEST. It is expected, of course, that the pending bill will be finished this afternoon.

Tomorrow the national cemetery bill is scheduled for consideration.

On Monday the Consent Calendar will be called, and following that the bill H. R. 6699 will be taken up. That is the debt-reduction bill, from the Committee on Ways and Means.

Mr. MARTIN of Massachusetts. I understand that if the national cemetery bill is completed tomorrow there will be no session on Saturday.

Mr. PRIEST. I believe that is the understanding.

On Tuesday the bill H. R. 6597, the flood-control bill, is scheduled for consideration.

Wednesday, of course, is Calendar Wednesday.

On Thursday there will be further consideration of the railroad retirement bill, H. R. 1362, and the House will probably meet at 11 o'clock on Thursday morning in an effort to finish that bill on Thursday.

The War Department appropriation bill is scheduled for Friday.

The program for Saturday of next week is undetermined so far.

Mr. MARTIN of Massachusetts. There is a general understanding that after today if there are any roll calls they will be put over until next Wednesday?

Mr. PRIEST. That is the understanding.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GORE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GORE. Mr. Chairman, there is pending before the Committee an amendment offered by the gentleman from Iowa which prohibits the Inland Waterways Corporation from using any of its funds for the purchase of floating equipment. There is now available an enormous quantity of barges and other surplus marine equipment both from the Navy and War Shipping Administration.

If the Inland Waterways Corporation is to continue its operation, it would be but a sensible, practical, and economical thing to do for the Corporation to avail itself of the opportunity it now has in the market of buying floating equipment at reduced prices. This amendment, however, broaches a much bigger question before the Congress. That question is, What shall be done with the Inland Waterways Corporation? The specific question raised is whether or not the Government-owned Inland Waterways Corporation should be sold to private operators. The question was raised before the Subcommittee on Government Corporations by the distinguished Secretary of Commerce who has made a recommendation to the committee and is seeking to bring legislation before the proper legislative committee to effectuate a sale of the Corporation to private interests.

The direct question of sale is not, of course, before the Congress at this time, but it is in effect before us, because the gentleman from Iowa [Mr. JENSEN], in his speech, said, as was said in the minority report, that he favored the sale, and the purpose of this amendment is to prevent the Corporation from purchasing new equipment, thereby facilitating the forcing of its sale.

Perhaps this question cannot be answered adequately in 10 minutes, but certainly a statement of the history and the purposes of the Corporation should be made at this time. The Corporation arose out of World War I. By 1924, traffic on the inland waterways had all but ceased, especially on the Mississippi. It had all but vanished. The Congress in 1924 passed an act creating the Inland Waterways Corporation, assigning it certain duties. Its foremost duty was to demonstrate the feasibility of water transportation on the inland rivers, and to extend the benefits of this service to the people of the United States. The Corporation has been phenomenally successful. Since its operation, both by its own operations, per se, and by the example which it has provided, there has been an enormous increase in the volume of traffic moving on our rivers. For 14 successive years prior to the beginning of World War II, this Corporation operated profitably. During those 14 years it accumulated profits in excess of \$2,600,000, after more than \$7,000,000 had been set up as a reserve for depreciation. During the present war it operated at a loss. It operated at a loss for 5 years. The reason for that was because of the war. It is nothing new that a business of this country will lose money or be affected because of the war and during the war, because of a change in the movement of freight. For instance, just before the outbreak of the war this Inland Waterways Corporation moved approximately 1,000,000 bushels of wheat in 1 year, but during the war it scarcely moved any. The Reconstruction Finance Corporation requisitioned much of its best equipment and converted it to other uses. So, merely because it lost money during the war is no reason why it should be sold now.

The original act set up conditions which the Corporation must meet before it could be sold. One of those conditions was that it be sold at a time when it could be sold to the best advantage to the Government. I submit that this agency, even if it is advisable to sell it, cannot be sold to the best advantage to the Government now when it is at the lowest ebb of its earning capacity; when at the end of a 5-year period of successive losses and on the threshold of a period which the economic conditions of the country as well as testimony before your subcommittee indicate will be a profitable period, and at a time when it can rehabilitate its equipment at a minimum cost.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. PLOESER. The gentleman has stated that during the 5-year period comprising the war it lost money, that it was due to the war. That may be, but I should like to know how the gentleman accounts for the fact that most similar operations on waterways have shown very fine profits during the war?

Mr. GORE. The character of service offered by the Inland Waterways Corporation differs widely from that offered by private carriers. For instance, it is the only barge line in the United States that will take all freight, come what will, in small quantities or large quantities. Some private barge lines will not take small quantities of certain freight, will not take small quantities of any as a matter of fact, but certainly they will not haul objectionable freight. This line operates on schedule, leaves terminals on the hour, and takes all comers as customers. Another reason is that the operations of this barge line were unduly—perhaps not unduly but to a larger extent than other barge line carriers—were affected because the Government requisitioned so much of its equipment. Another reason why I do not think this barge line should be sold is its effect upon the freight rate of the whole Mississippi Valley. One condition which the original act set out that must be met before it could be sold was that joint freight rates between railroads and barge lines be published. That condition has not been met. Nor do I think it has reached its ultimate in the demonstration of the feasibility of inland waterways transportation. To be sure, competent witnesses testified before the committee that inland waterways transportation had been but scratched on its surface. More rivers are being opened to navigation. Only last week we passed another large bill for river improvement. Before you adopt this amendment and hamper the operations of this corporation remember these things. For one thing, it will require additional legislation before it can be sold. It is doubtful indeed that the Congress after due consideration will ever enact that legislation, or will enact it within the reasonable future. Therefore, if it must operate, the sensible thing is to allow it to operate in an economical fashion. It cannot operate in an economical manner if it is compelled to

continue to use its old and dilapidated equipment, exhausted during the war not only by the operations of this barge line itself but by other governmental agencies which operated the requisitioned equipment. The sensible, the practical, and the economical thing to do, if this line is to operate as a Government corporation or as a privately owned corporation, is to buy while the buying is good to replace and rehabilitate their old worn-out equipment. I do not think there is anything sinister in public ownership for a public purpose. The people own the rivers; I see no reason why they could not continue to own this yardstick for the use of the rivers in demonstrating the feasibility of inland waterways traffic, to provide a yardstick for the freight-rate structure of the entire Mississippi Valley, and also to expand these benefits to the people of the United States.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

The gentleman from Wisconsin [Mr. KEEFE] is recognized for 5 minutes.

Mr. KEEFE. Mr. Chairman, I shall not argue with the distinguished gentleman from Tennessee the thesis that the experiment in the inland waterways has been a good thing and that the continued operation of water transportation is a good thing for the people of America. I wish, however, that the gentleman from Tennessee and some other members of this committee would give the Congress the truth about this operation. I know that you are sparring around the real truth as to why this Inland Waterways Corporation made money up until 1939 and ever since 1939 has lost money to the tune of \$2,512,000. The gentleman from Tennessee has not given the Congress nor the American people the real facts about that situation. Some of us, I believe, really know the true reason why that barge line is losing money and will never be able to operate at a profit under any circumstances if the present system of operation is carried out. The gentleman knows, I am sure, to what I am referring. I shall not indulge myself because I have not the time, but it is pretty well known by everybody who knows of the operations of this Inland Waterways what a hot potato it really is for the Department of Commerce, their hands being tied by the labor contracts they now have for the operation of those waterways. I know that there is not a member of this committee who does not know it and I know also that is the reason why the Secretary of Commerce, Mr. Henry Agard Wallace, came before your committee and testified, and I will read his testimony so there will be no question about it. Listen to what Mr. Wallace says on this subject. Certainly he is not one of the most outstanding protagonists of private enterprise. At least, he has not been thought of as such. This is what he says:

I am heartily in accord with the policy of Congress that the facilities and operating rights of the corporation be sold to private parties when there is assurance that such parties will conduct a common-carrier service similar to that performed by the Corporation. After studying this problem since I have been in the Department, I have come

to the conclusion that now is the appropriate time to offer the facilities of the Corporation for sale to private interests.

The Secretary of Commerce himself says:

Now is the time to offer these barge lines to private interests to operate.

He says further:

I believe that the conditions for sale described above have been substantially complied with—

Namely, the conditions in the statute—now is the time to sell and put those barge lines into the control of private operators.

Mr. Chairman, that is the Secretary of Commerce who has charge of this Inland Waterways Corporation. The gentleman from Iowa [Mr. JENSEN] asks, "Why should we spend \$2,600,000 of the taxpayers' money and put it in more equipment, more barges, when the Secretary of Commerce says the deal is losing money to the tune of \$2,512,000 and now is the time to put it into private operation and save \$2,500,000 of the taxpayers' money?"

That is what the amendment of the gentleman from Iowa [Mr. JENSEN] proposes to do.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, the question before the committee is not one of whether we should sell the Inland Waterways Corporation or not. If that were the question we could make a most forceful argument against a sale on the ground that the Inland Waterways Corporation is saving millions of dollars of money to the shippers of this Nation because of the effect of its operations on railroad freight rates and on other water transportation. This committee is without authority to provide this afternoon for the sale of the Inland Waterways Corporation, nor can this committee prevent the sale to private interests if certain conditions are met. Regardless of what action you may take on the pending amendment under the basic law of the land, the Inland Waterways Corporation will continue to operate as a Government corporation until the requirements of the law are met, and it is obvious that they have not been met at this time. You have here a Government corporation which is operating a barge line on the rivers of the Nation. Under the basic law it is going to continue to operate such barge lines. Admittedly it does not have the right kind of equipment because much of it is old and obsolete, and other of its equipment has been taken over for war activities of the Nation during the war period. Since the Corporation is going to operate these lines, then it is necessary and essential to permit the Corporation to use a part of its own surplus to buy additional equipment so that it can operate efficiently and well.

The amendment offered by the gentleman from Iowa does not provide for the sale of this corporation. It provides only that this corporation cannot get the needed equipment to operate efficiently until we do sell it economically for the best interests of the country. The gen-

tleman wants to sell the line. The effect of his amendment is to make the line continue to lose money. Thereby he hopes to enhance his chances of forcing a sale to private interests. Yet the membership of this House must know if we are going to operate this barge line, certainly we owe it to the Government to see that it is operated so that it will make money and so that the losses, if any, will be kept at a minimum. I say to you at this time since there are more surplus tugs and barges and other equipment available than ever before. The Government needs to make use of such equipment. To sell such equipment to this government corporation is to take money out of one pocket and put it in another. Actually it means for the Government to make use of what is has. Now though the Secretary of Commerce recommends the sale of this barge line in the future, I say to you that one of the conditions for the sale will be that the purchaser must guarantee the continuation and the carrying on of comparable common carrier service, by the purchaser. If the purchaser of this barge line is going to do that, and he must do it under the law, I say to you that if you let the present operation run down today so that we have a poor type of common carrier service with few runs and with old equipment which cannot serve the public, all that the purchaser of this corporation is going to have to do is to guarantee that he will carry on the same poor schedules, the few trips which this corporation will have carried on because of its inadequate equipment. Such a service will not meet the needs of the people.

Because the people can avail themselves of this common-carrier service, private carriers are giving a good service. If the public were altogether dependent on such private carriers who knows what the situation would be. Thus whether the Inland Waterways Corporation is eventually to be sold or not we owe it to this Corporation to provide for it adequately, and let it use its surplus to get its hands on the barges that are needed for the operation of this worthwhile service. If you sell it you owe it to the country to provide a good type of common-carrier service by the private interests which will purchase the Corporation; and who must guarantee to carry on the type of common-carrier service they find then in operation when they buy it.

If we provide for the proper operation of this corporation's service, its purchaser must provide a worth-while service which will meet the needs of the people through the Mississippi Valley and in other river areas and provide excellent common-carrier service. If it was a question whether to sell or not to sell, we could make you a more forceful argument as to the benefit coming from this Corporation, but I say whether the Corporation is sold or not there is the greatest need for operating it properly during the period that the Government does operate the lines on a worthwhile basis to meet the needs of the people in that area. If you are going to sell the line the purchaser must pay for the physical equipment of this Corporation, and certainly

the surplus property converted to this Corporation would be an asset for which money would be returned to the Treasury, and the purchaser of the Corporation would carry on an excellent common-carrier service that is badly needed throughout this area for the service it renders the people of the Mississippi Valley and elsewhere and for the tremendous savings resulting from the effects of such water carrier on railroad freight rates which has saved millions of dollars to the shippers of the Nation.

This amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. PLOESER].

Mr. PLOESER. Mr. Chairman, let us analyze a few arguments that have been made. The one by the gentleman from Tennessee is that this is a cheap time to rehabilitate the equipment because of the many surpluses in Government hands, and therefore he assumes, without any apparent knowledge on the subject, that our surpluses contain barges suitable for this operation. I think he will find, if he consults the Maritime Commission, that they have few items of surplus that are really suitable.

As to the sale of this Corporation, the law requires that whoever the purchaser may be, he must guarantee to carry on the same or similar service so that the service will not be lost to the area served, so all of that argument is specious as far as I am concerned. I do not expect or advocate that anybody sell this contrary to law. As a matter of fact, while we have advocated in the minority report that is probably a good thing to sell it, this amendment does not provide for any sale. This amendment merely says, "Do not spend money for rehabilitation until we make up our mind whether we are going to continue it or sell it." That is the position on this side of the aisle.

The assumption is continually repeated that there are no other carriers on the rivers, that the job of pioneering is still going on. That is true only as it applies to the waterways between the great cities of St. Louis and Kansas City on the Missouri River. This amendment would not prohibit the continued operation of that segment of the waterways. Unless we could have a full, bonded guaranty that that segment would be operated in the future, I for one would not advocate the sale of that segment. There is nothing compelling the sale of this in one bundle. It can be sold in segments if it is so desired. All this amendment does is prohibit spending money for rehabilitation until there is a final determination as to what is going to be done, retain, or sell.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Tennessee.

Mr. GORE. May I point out to the gentleman that Mr. Trimble, who is head of the Inland Waterways Corporation, testified before the committee that equipment suitable for river traffic is available in surplus commodities.

Mr. PLOESER. Is it available to the extent that they can rehabilitate their entire floating equipment? If it is, then it is contrary to the information I have

gotten from the Maritime Commission direct.

Mr. GORE. I do not remember that he said it is available to the extent of rehabilitating all of their equipment, but he said it is plentiful.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Chairman, I think it would be well for us to get clearly in mind what the issue is before us at this time. This will be the concluding reference to the amendment, and the vote will come in 5 minutes.

There is some controversy, I am sure, over the question of whether or not the Inland Waterways Corporation should be sold, but that is in no way the issue before the committee at this time. That would be a legislative matter which would not be referred to the Committee on Appropriations.

The amendment offered by the gentleman from Iowa provides that the Inland Waterways Corporation shall not be permitted to spend any money for floating equipment in the next fiscal year. The Corporation still has a job to do, a mandate from the Congress, but the hands of the Corporation would be tied because we would be placing in the law a prohibition against the acquisition of any floating equipment during the next year.

Bear in mind that this Corporation was created shortly after World War I, that it operated successfully from the standpoint of finances for about 14 years, and that it has sustained losses during World War II.

It is not suggested in this bill that any appropriation be made. This is not an appropriation matter. It is a matter whereby the gentleman offering the amendment seeks to prevent the Corporation from using its own funds, and it has ample funds. It has \$5,000,000 in Government bonds. The effort is being made to keep this corporation from using its own funds for any additional floating equipment during the next fiscal year.

Mr. FLOESER. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. FLOESER. I want to make it clear that the Corporation's own funds are the funds of the United States, it being a wholly owned Government corporation.

Mr. MAHON. Oh, yes; the gentleman is entirely correct. It is a wholly owned Government corporation which we had set up to do a job, yet the adoption of the amendment would deprive the corporation of the opportunity of doing the job which it has a mandate from Congress to do.

Let me direct your attention to just how far-reaching this amendment is. It says no floating equipment can be bought. Suppose a barge breaks down? Could a new engine be purchased? I do know that would be a technical question perhaps for lawyers to decide. But certainly no new barge could be bought. Even a rowboat could not be bought. Emergencies may arise by reason of floods or disasters. We cannot foresee these things. Yet the hands of the corporation would be tied and no floating equipment could be purchased during the

coming fiscal year. It would certainly be a most unwise thing to adopt such a far-reaching amendment. Mr. Ed O'Neill, of the Farm Bureau, and Mr. Ogg appeared before our committee and said, "Gentlemen, the farmers of this Nation in the Midwest and the Mississippi Valley are very much interested in the question of freight rates."

Well, believe me, we are interested in the Southwest in the question of freight rates also. Those gentlemen expressed apprehension that if this Waterways Corporation should cease to operate then it would result in an increase in freight rates and thereby injure the agricultural interests of the Middle West and the Mississippi Valley and perhaps repercussions would be felt in other areas. For that reason, any crippling of this agency was opposed. The Corporation has the money to buy this floating equipment. There never was such a time as now to buy surplus floating equipment. Now is the time for them to get the necessary equipment to carry on the operations. A year from now will be too late. So it certainly would be an unfortunate affair if we should adopt any such amendment as has been suggested here because this Corporation is going to run next year; and when it is sold, the purchaser must run it in a way comparable to the way in which the Government is now operating it. But if the Inland Waterways cannot successfully be operated in the next year, then no service will be given to the people. I ask the Committee to reject the amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired.

The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The question was taken; and on a division (demanded by Mr. JENSEN) there were—ayes 69, noes 78.

Mr. JENSEN. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. MAHON and Mr. JENSEN to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 89, noes 86.

So the amendment was agreed to.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, had directed him to report the same back to the House with an amendment with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. MAHON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The question was taken; and the Chair being in doubt the House divided and there were—ayes 74, noes 81.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WASIELEWSKI, for five legislative days, on account of official business.

To Mr. ROBERTSON of North Dakota (at the request of Mr. ARENDS), for 2 weeks, on account of official business.

EXTENSION OF REMARKS

Mr. GOODWIN asked and was given permission to extend his remarks in the RECORD in two instances, in one to include an editorial, and in the other a news item.

PERMISSION TO ADDRESS THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to proceed at this time for such time as may be necessary.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

OPA PRICE POLICY ON FARM MACHINERY

Mr. H. CARL ANDERSEN. Mr. Speaker, farm implement men claim that the OPA order dated May 10 which requires a reduction in working margin of profit will drive them out of business.

The farm implement dealers of southwestern Minnesota, one of the greatest agricultural regions in America, have appealed to have these margins restored.

On May 15, I called this situation to the attention of Mr. Paul Porter, Administrator of OPA, and described its effect on the distribution of farm machinery and repair parts in southwestern Minnesota. Today I am in receipt of the following letter from Mr. Porter:

OFFICE OF PRICE ADMINISTRATION,

Washington, D. C., June 12, 1946.

The Honorable H. CARL ANDERSEN,
House of Representatives,
Washington, D. C.

DEAR MR. ANDERSEN: Thank you for your letter of May 15, 1946, in which you refer to amendment 16 to Maximum Price Regulation 246.

For your information, I might say that whenever this Office issues an industry-wide adjustment in prices, it is our policy as required by Executive order of the President to require absorption of such increases to the manufacturer at the retail level, when it is clearly indicated that the dealers can safely do so. Retail increases are required only when over-all earnings of the retail trade group affected are reduced below peacetime levels (earning standard) or when retail prices on individual products are less than operating expenses (the product standard). These standards have been closely adhered to in all industry adjustments.

In the case of the action to determine the ability of retail sellers to absorb, this Office made a study of financial and cost data obtained from a very substantial segment of

the trade. The survey included a comparison between the base period, 1936-39, and 1945, from which it was found that the dealers generally are in a better position now than during the base period and can absorb to the extent required without being forced below their normal 1936-39 profits.

I am glad you referred this letter to me and hope that you will feel free to call upon me at any time that I can be of assistance to you.

Sincerely yours,

PAUL A. PORTER,
Administrator.

Mr. Speaker, I cannot agree with the statement in Mr. Porter's letter that implement dealers generally are in a better position now than during the base period as far as normal profits are concerned. The operating costs of small businesses have increased tremendously during the war period and today, nearly a year after the cessation of hostilities, operation costs are higher than at any time in history.

We cannot expect these implement dealers, or any other group of businessmen, to continue to give necessary services to agriculture if their profits are decreased to the point where there is no incentive to render such services.

I am today requesting Mr. Porter to reconsider the position taken in his letter of June 12. The farm equipment situation is bad enough, and I say that from personal experience as an operating farmer, without making it worse by rendering it almost impossible for dealers to give necessary services in these critical times when the production of every possible bit of food is urgently needed. May I call to the attention of the Members of the House the statement made by several dealers in Rock County, Minn. The study of this statement will disprove these contained in Mr. Porter's letter. The Rock County Star-Herald, of Luverne, Minn., carries this as an advertisement, which reads as follows:

IT'S YOUR FRIEND AND NEIGHBOR, THE "LITTLE FELLOW" AT THE END OF THE IMPLEMENT LINE, THAT'S TAKING THE LICKING—WE'RE ASKING YOUR HELP

To the Farmers of This Community:

You no doubt have read or heard statements regarding the advance in the retail price of farm machinery which was announced by OPA on Saturday, May 11, which inferred that the increase in price to the farmers was only 3 percent. May we at this time call your attention to the fact that this is incorrect; the raise in the retail prices in most cases is 5 percent, but the raise to the manufacturer on a wholesale basis is 10.25 percent. This increase in price was due to the requests from manufacturers of farm equipment primarily because of increased labor costs and the increased cost of materials and component parts needed to manufacture farm machinery.

Dealers' operating margin has been reduced one-fifth by OPA's new regulation.

This means that your farm-equipment dealers must operate from now on, on a one-fifth-less working margin than they had before May 10, 1946.

OUR COSTS HAVE BEEN HIKED, BUT OUR LIVING HAS BEEN WIPED OUT

This means that your local service dealer, even though his operating costs have mounted tremendously during this war period must operate on a lesser margin than he had during World War II. When all other industries Nation-wide were demanding in-

creases for their products, your farm-equipment retailers did not ask for any increase.

WE DON'T WANT TO CURTAIL SERVICE TO YOU,
OUR CUSTOMERS AND NEIGHBORS

This decrease means that many of your farm-equipment retailers will be forced to curtail the services that have made it possible for you to operate during these emergency periods with many obsolete machines even when new repair parts were not available.

This means that many farm-equipment dealers may be forced to remove from their pay rolls mechanics, servicemen, and other employees, many of them GI's, so that their operating costs will be in line with their reduction in their earning margin.

MANY LOCAL DEALERS CAUGHT IN THE SQUEEZE
MAY BE FORCED TO CLOSE

This means that many dealers, because of this squeeze in dealer's working margins, may be forced to close their doors and discontinue their operations.

WILL YOU HELP SO THAT WE CAN CONTINUE TO
SERVE YOU?

All we ask of you, Mr. Farmer, is that you consider your welfare, and if you feel that we have done a good job for you during these hectic years, that you please contact your Congressmen and Senators and ask them to restore to us the working margins we had before this new OPA ruling. Please bear in mind that we are not asking for any increase, but we cannot stand a reduction at the present time if we are to continue our operations. We would be pleased to have you stop in at our stores to discuss more thoroughly this program which is threatening to destroy the farm-equipment detailers of America.

Thanking you kindly,

Thone Implement Co., A. T. Friestad;
Sellen & Co.; Rapp Motor Co.;
Vandevelde Hardware & Implement
Co.; Kenneth; Sjolseth Implement
Co., Hills; Otto Bierkamp;
Fred Herman; Elwood Shackelford;
Shelby's; the Edmond's Co.,
Steen; H. C. Petersen, Hardwick;
Berghorst Implement Co., Hills.

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks and include a letter and an advertisement.)

EXTENSION OF REMARKS

Mr. PLOESER (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in the RECORD and include a newspaper article.

GENERAL LEAVE TO EXTEND REMARKS

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXTENSION OF REMARKS

Mr. PLOESER asked and was given permission to include in the remarks he made in the Committee of the Whole today certain charts, material, and correspondence.

Mr. BRADLEY of Michigan (at the request of Mr. PLOESER) was given permission to extend his remarks in the RECORD and include a radio address.

Mr. PITTENGER (at the request of Mr. PLOESER) was given permission to ex-

tend his remarks in the RECORD and include a statement.

Mr. WEICHEL (at the request of Mr. PLOESER) was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD and include a letter from a constituent.

Mr. CANNON of Missouri asked and was given permission to extend his remarks in the RECORD and include a statement by the Director of the Budget.

Mr. WHITE asked and was given permission to extend his remarks in the RECORD in two instances, in one to include his testimony before the Ways and Means Committee of the House, and in the other to include his testimony before the Senate Appropriations Committee.

Mr. ROWAN asked and was given permission to extend his remarks in the RECORD in two instances, in one to include a statement by the Little Business Men's League of America, and in the other to include a letter by Mr. Norman Bernstein, of Chicago, a small businessman who urges extension of OPA.

Mr. CLEMENTS asked and was given permission to extend his remarks in the RECORD and include a timely editorial from the Louisville Courier-Journal.

Mr. MAHON and Mr. GORE asked and were given permission to revise and extend the remarks made previously today.

Mr. JENSEN asked and was given permission to include as a part of his remarks made in the Committee of the Whole today the minority views in reference to Government corporations.

SPECIAL ORDERS GRANTED

Mr. VURSELL. Mr. Speaker, I ask unanimous consent that on Tuesday next after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent that on tomorrow after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. EARTHMAN. Mr. Speaker, I ask unanimous consent that on tomorrow after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.



79TH CONGRESS
2D SESSION

H. R. 6777

H. R. 6777

IN THE SENATE OF THE UNITED STATES

JUNE 14 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on Appropriations

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1947, namely:

7 TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16
10 U. S. C., ch. 12A), including the construction of South Hol-

1 ston Dam and Watauga Dam; and the acquisition of neces-
2 sary land, the clearing of such land, relocation of highways,
3 and the construction or purchase of transmission lines and
4 other facilities, and all other necessary works authorized by
5 such Act; purchase, hire, maintenance, repair, and operation
6 of aircraft; rents in the District of Columbia and elsewhere;
7 penalty mail (not to exceed \$25,000) ; and all necessary
8 salaries and expenses connected with the organization, opera-
9 tion, and investigations of the Tennessee Valley Authority,
10 \$25,906,000, together with the unexpended balance of funds
11 heretofore appropriated, to remain available until June 30,
12 1947, and to be available for the payment of obligations
13 chargeable against prior appropriations.

14 NATIONAL HOUSING AGENCY

15 FEDERAL PUBLIC HOUSING AUTHORITY

16 Annual contributions: For the payment of annual con-
17 tributions to public housing agencies in accordance with sec-
18 tion 10 of the United States Housing Act of 1937, as
19 amended (42 U. S. C. 1410) , \$8,300,000, together with the
20 unexpended balance of the appropriation for this purpose for
21 the fiscal year 1946: *Provided*, That except for payments
22 required on contracts entered into prior to April 18, 1940,
23 no part of this appropriation shall be available for payment
24 to any public housing agency for expenditure in connection

1 with any low-rent housing project, unless the public housing
2 agency shall have adopted regulations prohibiting as a tenant
3 of any such project by rental or occupancy any person other
4 than a citizen of the United States, but such prohibition shall
5 not be applicable in the case of a family of any serviceman
6 or the family of any veteran who has been discharged (other
7 than dishonorably) from, or the family of any serviceman
8 who died in, the armed forces of the United States within
9 four years prior to the date of application for admission to
10 such housing: *Provided further*, That none of the funds
11 herein shall be used to pay contributions with respect to
12 projects constructed under authority of Public Law 671,
13 Seventy-sixth Congress.

14 DEPARTMENT OF AGRICULTURE

15 FEDERAL CROP INSURANCE CORPORATION

16 Operating expenses: For operating and administrative
17 expenses, \$6,800,000, including not to exceed \$700 for
18 newspapers.

19 DEPARTMENT OF STATE

20 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

21 For the payment of obligations incurred under the con-
22 tract authorization of \$18,000,000 under the head "Office of
23 the Coordinator of Inter-American Affairs" in the National
24 War Agencies Appropriation Act, 1944, \$3,456,710.

1 INTER-AMERICAN EDUCATIONAL FOUNDATION,
2 INCORPORATED

3 For the payment of obligations incurred under the con-
4 tract authorization of \$2,500,000 under the head "Office
5 of the Coordinator of Inter-American Affairs" in the National
6 War Agency Appropriation Act, 1945, \$1,083,577.

7 TITLE II

8 The following corporations and agencies, respectively,
9 are hereby authorized to make such expenditures, within the
10 limits of funds and borrowing authority available to each
11 such corporation or agency and in accord with law, and
12 to make such contracts and commitments without regard
13 to fiscal year limitations as provided by section 104 of the
14 Government Corporation Control Act, as may be necessary
15 to carrying out the programs set forth in the Budget for
16 the fiscal year 1947 for each such corporation or agency,
17 except as hereinafter provided:

18 INDEPENDENT AGENCIES AND CORPORATIONS

19 Export-Import Bank of Washington: *Provided, That*
20 not to exceed \$780,000 of the funds of the Export-Import
21 Bank of Washington, shall be available during the fiscal
22 year 1947 for all administrative expenses of the bank, in-
23 cluding purchase, maintenance, operation, and repair of one
24 passenger automobile; not to exceed \$100 for periodicals,
25 \$200 for newspapers, and \$200 for maps; and not to exceed

1 \$24,000 for the temporary employment of persons or or-
2 ganizations for special services by contract or otherwise,
3 without regard to section 3709 of the Revised Statutes and
4 the civil-service and classification laws: *Provided further,*
5 That all necessary expenses (including special services per-
6 formed on a contract or fee basis, but not including other
7 personal services) in connection with the acquisition, opera-
8 tion, maintenance, improvement, or disposition of any real
9 or personal property belonging to the bank or in which it
10 has an interest, including expenses of collections of pledged
11 collateral, shall be considered as nonadministrative expenses
12 for the purposes hereof.

13 Panama Railroad Company: *Provided,* That not to ex-
14 ceed \$500,000 shall be available for administrative expenses.

15 Tennessee Valley Associated Cooperatives: *Provided,*
16 That not to exceed \$2,500 shall be available for adminis-
17 trative expenses.

18 Tennessee Valley Authority.

19 FEDERAL LOAN AGENCY

20 Office of the Administrator: *Provided,* That of the funds
21 available for administrative expenses to the agencies under
22 the direction and supervision of the Federal Loan Adminis-
23 trator (12 U. S. C. 1801), \$118,000 is hereby made avail-
24 able to the Administrator for administrative expenses of
25 supervising such agencies, including printing and binding

1 (\$2,500) ; not to exceed \$10,000 for the temporary employ-
2 ment of persons or organizations for special services by
3 contract or otherwise without regard to section 3709 of the
4 Revised Statutes and the civil-service and classification laws.

5 Reconstruction Finance Corporation: *Provided*, That
6 not to exceed \$33,553,000 (to be computed on an accrual
7 basis) of the funds of the Reconstruction Finance Corpora-
8 tion, established by the Act of January 22, 1932 (47
9 Stat. 5), shall be available during the fiscal year 1947 for
10 its administrative expenses and the administrative expenses
11 of Federal National Mortgage Association, The RFC
12 Mortgage Company, War Damage Corporation, U. S.
13 Commercial Company and Rubber Development Corpora-
14 tion; not to exceed \$650 for periodicals and newspapers;
15 use of the services and facilities of the Federal Reserve
16 banks; and not to exceed \$115,150 for deposit in the
17 general fund of the Treasury for cost of penalty mail as
18 required by section 2 of the Act of June 28, 1944 (Public
19 Law 364) : *Provided further*, That all necessary expenses
20 (including services performed on a force account, contract,
21 or fee basis, but not including other personal services except
22 those which the corporations' prescribed accounting system
23 requires to be capitalized or charged to the cost of com-
24 modities acquired) in connection with the acquisition, pro-
25 tection, operation, maintenance, improvement, or disposition

1 of real or personal property belonging to said corporations,
2 or in which they have an interest, including expenses of
3 collections of pledged collateral, expenses incurred for serv-
4 ices performed outside the limits of continental United States
5 and properly capitalized expenditures, shall be considered as
6 nonadministrative expenses for the purposes hereof: *Pro-*
7 *vided further*, That none of the funds of the Reconstruction
8 Finance Corporation and the subsidiaries thereof shall be used
9 for the custody, maintenance, or disposal of any surplus
10 property except such property as may be owned by and
11 held for disposal by the Reconstruction Finance Corporation
12 or its subsidiaries: *Provided further*, That no part of the
13 funds of the Reconstruction Finance Corporation or of any
14 subsidiary thereof shall be used to make any purchase or for
15 personal services or to enter into any contract for the use
16 or benefit of any other agency of the Government unless
17 such agency shall have authority in law and appropriations
18 available to make reimbursement for such purchase, personal
19 services, or contract: *Provided further*, That none of the
20 funds of the Reconstruction Finance Corporation and its
21 subsidiaries shall be used for the making of any loan to any
22 State, any subdivision thereof, any municipality therein, or
23 any public authority, for construction purposes, unless in
24 pursuance of a specific authorization if such loan would

1 increase the aggregate amount of such loans outstanding
2 above \$100,000,000.

3 Federal National Mortgage Association.

4 The RFC Mortgage Company.

5 Rubber Development Corporation.

6 U. S. Commercial Company.

7 War Damage Corporation.

8 NATIONAL HOUSING AGENCY

9 Salaries and expenses, office of the Administrator and
10 Expediter: In addition to the amounts available by or pur-
11 suant to law (which shall be transferred to this authoriza-
12 tion) for the administrative expenses of the Office of the
13 Administrator, National Housing Agency, in carrying out
14 duties imposed by or pursuant to law, such amounts, not
15 exceeding \$450,000, as the Administrator determines are
16 required for the expenses of the Office of the Administrator
17 in the performance of administrative and supervisory services
18 relating to the constituent units of said Agency shall be
19 transferred, from the funds available for the administrative
20 expenses of such constituent units for the fiscal year 1947,
21 to this authorization for expenditure hereunder, and all
22 such amounts shall be available for all necessary ex-
23 penses of said Office of the Administrator: periodicals and
24 newspapers (not to exceed \$1,000) ; preparation, mounting,
25 shipping, and installation of exhibits; purchase of sixteen

1 (including one at not to exceed \$1,800), maintenance, re-
2 pair, operation, and rental of passenger automobiles; tempo-
3 rary employment of persons or organizations, by contract or
4 otherwise, for research work, and for engineering, technical,
5 legal, or other special services, including stenographic re-
6 porting services, without regard to section 3709 of the
7 Revised Statutes and the civil-service and classification laws;
8 expenses of attendance at meetings of organizations con-
9 cerned with the work of the Agency, when specifically
10 authorized by the Administrator; reimbursement for the
11 actual cost of ferry fares and bridge, road, and tunnel tolls;
12 payment of not to exceed 3 cents per mile to employees
13 or others rendering service to the Government for use by
14 them of privately owned automobiles for transportation on
15 official business within the limits of their official stations; and
16 purchase of teletype news services (not to exceed \$1,000) :
17 *Provided*, That the Administrator may, with the approval
18 of the President of the United States, transfer to this au-
19 thorization or to an authorization of a constituent unit from
20 funds available for administrative expenses of the constituent
21 units or the Office of the Administrator such additional sums
22 as represent a consolidation in the Office of the Administrator
23 or in a constituent unit of any of the administrative functions
24 of the National Housing Agency; but no such transfer of

1 funds shall be made unless the consolidation will result in a
2 reduction in manpower and a savings in administrative ex-
3 penses, which savings shall not be used for administrative
4 expenses but instead shall be returned to or remain in the
5 funds from which administrative expenses are drawn under
6 this authorization: *Provided further*, That a report of such
7 transfers and the savings effected thereby shall be submitted
8 to Congress in the annual budget.

9 Penalty mail costs: For costs of penalty mail of the
10 National Housing Agency, not to exceed \$295,600, said
11 sum to be derived by transfer of the unobligated balances,
12 as of July 1, 1946, of the funds made available for penalty
13 mail costs by the First Supplemental Appropriation Act,
14 1945, and the Independent Offices Appropriation Act, 1946,
15 and by transfer, from the funds of the constituent units of
16 said Agency available for administrative expenses, in not
17 to exceed the following amounts: Office of the Administrator,
18 \$15,000; Federal Home Loan Bank Administration, \$111,-
19 000; Federal Housing Administration, \$130,000; and Fed-
20 eral Public Housing Authority, \$39,600: *Provided*, That in
21 no event shall any moneys in excess of the costs of penalty
22 mail allocable, respectively, to said Office of the Administra-
23 tor and each of the aforesaid constituent units of the National
24 Housing Agency be transferred hereunder: *Provided further*,
25 That so long as the positions of National Housing Adminis-

1 trator and Housing Expediter are held by the same person,
2 such person may accept the salary of either such position
3 but not to exceed \$12,000 per annum.

4 Federal Home Loan Bank Administration: *Provided*,
5 That not to exceed a total of \$1,400,000, to be derived from
6 the special deposit account established under the provisions
7 under the head "Federal Home Loan Bank Administration"
8 in the Independent Offices Appropriation Act, 1944, and
9 from receipts of the Federal Home Loan Bank Administra-
10 tion or the Federal Home Loan Bank Board for the fiscal
11 year 1947 and prior fiscal years, shall be available during the
12 fiscal year 1947 for administrative expenses of the Federal
13 Home Loan Bank Administration (Executive Order 9070
14 of February 24, 1942), and said Administration may transfer
15 to a separate authorization (which is hereby authorized to be
16 established), for expenditure by the Administration there-
17 under, not to exceed such amounts, from funds available for
18 administrative expenses of the Federal Home Loan Bank
19 Administration, the Federal Savings and Loan Insurance Cor-
20 poration, and the Home Owners' Loan Corporation, as said
21 Administration may deem necessary or advisable to be so
22 transferred for administrative expenses of or relating to any
23 department or unit of said Administration providing services
24 or facilities also to the Federal Savings and Loan Insur-
25 ance Corporation and the Home Owners' Loan Corpora-

tion; and use of services and facilities of the Federal home-loan banks, Federal Reserve banks, Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation and other agencies of the Government, the amounts so derived to be credited upon the books of the Treasurer of the United States in such account or accounts as said Administration may determine: *Provided further*, That all necessary expenses in connection with the conservatorship of institutions insured by the Federal Savings and Loan Insurance Corporation and all necessary expenses (including services performed on a contract or fee basis, but not including other personal services) in connection with the handling, including the purchase, sale, and exchange, of securities on behalf of Federal home-loan banks, and the sale, issuance, and retirement of, or payment of interest on, debentures or bonds, under the Federal Home Loan Bank Act, as amended, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of the Administration shall be incurred, allowed, and paid in accordance with the provisions of the Federal Home Loan Bank Act of July 22, 1932, as amended (12 U. S. C. 1421-1449).

Federal Savings and Loan Insurance Corporation: *Pro-*

1 *vided*, That not to exceed \$532,000 shall be available for
2 administrative expenses, including the use of services and
3 facilities of the Federal home-loan banks, Federal Reserve
4 banks, and agencies of the Government, including the Fed-
5 eral Home Loan Bank Administration and the Home
6 Owners' Loan Corporation, which shall be on an accrual
7 basis and shall be exclusive of interest paid, depreciation,
8 properly capitalized expenditures, and expenses in connection
9 with liquidation of insured institutions, liquidation or handling
10 of assets of or derived from insured institutions, payment of
11 insurance, and action for or toward the avoidance, termina-
12 tion, or minimizing of losses in the case of specific insured
13 institutions: *Provided further*, That notwithstanding any
14 other provisions of this Act, except for the limitation in
15 amount hereinbefore specified, the administrative expenses
16 and other obligations of said Corporation shall be incurred,
17 allowed, and paid in accordance with title IV of the Act of
18 June 27, 1934, as amended (12 U. S. C. 1724-1730).

19 Home Owners' Loan Corporation: *Provided*, That not to
20 exceed \$4,500,000 shall be available for administrative ex-
21 penses, including the use of services and facilities of the
22 Federal home-loan banks, Federal Reserve banks, and
23 agencies of the Government, including the Federal Home
24 Loan Bank Administration and the Federal Savings and
25 Loan Insurance Corporation, which shall be on an accrual

1 basis and shall be exclusive of interest paid, depreciation,
2 properly capitalized expenditures, expenses (including serv-
3 ices performed on a force account, contract, or fee basis, but
4 not including other personal services) in connection with the
5 acquisition, protection, operation, maintenance, improvement,
6 or disposition of real or personal property belonging to said
7 Corporation or in which it has an interest, and legal fees and
8 expenses: *Provided further*, That notwithstanding any other
9 provisions of this Act, except for the limitation in amount
10 hereinbefore specified, the administrative expenses and other
11 obligations of said Corporation shall be incurred, allowed,
12 and paid in accordance with the Home Owners' Loan Act
13 of 1933, as amended (12 U. S. C. 1461-1468).

14 Federal Housing Administration: *Provided*, That in
15 addition to the amounts available by or pursuant to law
16 (which shall be transferred to this authorization) for the
17 administrative expenses of the Federal Housing Admin-
18 istration in carrying out duties imposed by or pursuant to
19 law, not to exceed \$17,624,000 of the various funds of the
20 Federal Housing Administration as follows: (1) The
21 mutual mortgage insurance fund; (2) the housing insur-
22 ance fund; (3) the account in the Treasury comprised of
23 funds derived from premiums collected under authority
24 of section 2 (f), title I of the National Housing Act, as
25 amended (12 U. S. C. 1701); and (4) the war housing

1 insurance fund shall be available for expenditure, in accord-
2 ance with the provisions of said Act for the administrative
3 expenses of the Federal Housing Administration, including,
4 in addition to mileage at a rate not to exceed 4 cents per
5 mile for travel by motor vehicle, reimbursement for the
6 actual cost of ferry fares and bridge, road, and tunnel tolls,
7 and employees engaged in the inspection of property, servic-
8 ing of loans, or the liquidation of delinquent accounts, may
9 be paid an allowance not to exceed 4 cents per mile for
10 all travel performed in privately owned automobiles within
11 the limits of their official posts of duty when such travel is
12 performed in connection with such inspection, servicing, or
13 liquidation; and not to exceed \$1,500 for periodicals and
14 newspapers; not to exceed \$1,500 for contract actuarial serv-
15 ices: *Provided further*, That all necessary expenses of the
16 Administration (including both services performed on a con-
17 tract or fee basis, but not including other personal services)
18 in connection with the acquisition, protection, completion,
19 operation, maintenance, improvement, or disposition of real
20 or personal property of the Administration acquired under
21 authority of titles I, II, and VI of said National Housing
22 Act, shall be considered as nonadministrative expenses for
23 the purposes hereof: *Provided further*, That, except as herein
24 otherwise provided, the administrative expenses and other
25 obligations, including nonadministrative expenses, of the

1 Administration shall be incurred, allowed, and paid in ac-
2 cordance with the provisions of said Act of June 27, 1934,
3 as amended (12 U. S. C. 1701) : *Provided further*, That
4 not to exceed \$3,000,000 of the funds (after allowance
5 for salaries and expenses as authorized under the heading,
6 "Salaries and expenses, National Housing Agency, Federal
7 Housing Administration") in the account in the Treasury
8 comprised of premiums collected under authority of section
9 2 (f), title I, of said Act, shall be available for the payment
10 of losses under insurance granted under section 2 and
11 section 6, title I, of said Act.

12 Liquidation of resettlement projects: Not to exceed
13 \$99,500 of the receipts derived from the operation of the
14 projects transferred under paragraphs 1 (g) and 6 of Exec-
15 utive Order 9070 of February 24, 1942 (7 F. R. 1529),
16 shall be available for necessary expenses in connection with
17 and to facilitate disposition of the improved or unimproved
18 lands in the suburban resettlement projects known as Green-
19 belt, Greendale, and Greenhills, pursuant to the provisions
20 of section 5 of the Emergency Relief Appropriation Act
21 of 1935 (49 Stat. 115), including temporary employment
22 of persons or organizations, by contract or otherwise with-
23 out regard to section 3709 of the Revised Statutes and the
24 civil-service and classification laws, for making surveys,

1 plans, and plats, and expenses of additions, alterations, and
2 improvements to streets and utilities.

3 Federal Public Housing Authority: *Provided*, That of
4 the amounts available by or pursuant to law for the adminis-
5 trative expenses of the Federal Public Housing Authority
6 in carrying out duties imposed by or pursuant to law (all
7 of which are hereby merged into a single administrative ex-
8 pense account), not to exceed \$18,000,000 shall be avail-
9 able for such expenses (including not to exceed \$3,882,400
10 of the funds available for administrative expenses for the
11 corporate program), including temporary employment of per-
12 sons or organizations, by contract or otherwise, for legal or
13 other special services, without regard to section 3709 of
14 the Revised Statutes and the civil-service and classification
15 laws; reimbursement for the actual cost of ferry fares and
16 bridge, road, and tunnel tolls; an allowance of not to ex-
17 ceed 3 cents per mile for official travel in privately owned
18 automobiles by employees within the limits of their official
19 stations; reimbursement at not to exceed 5 cents per mile
20 to personnel serving without compensation from the United
21 States for expenses of travel performed by them in privately
22 owned automobiles away from their designated post of
23 duty; and photographing equipment: *Provided further*,
24 That all necessary expenses of providing representatives of

1 the Authority at the sites of non-Federal projects in con-
2 nection with the construction of such non-Federal projects
3 by public housing agencies with the aid of the Authority,
4 shall be reimbursed or paid by such agencies, and expendi-
5 tures by the Authority for such purpose shall be considered
6 nonadministrative expenses, and funds received from such
7 payments or reimbursements may be used only for the pay-
8 ment of all necessary expenses of providing representatives
9 of the Authority at the sites of non-Federal projects or for
10 administrative expenses of the Authority not in excess of
11 the amount authorized by the Congress.

12 Defense Homes Corporation: *Provided*, That not to
13 exceed \$75,000 shall be available for administrative ex-
14 penses, which shall be on an accrual basis and which ex-
15 penses may include temporary employment of persons or
16 organizations, by contract or otherwise, for legal or other
17 special services, without regard to section 3709 of the
18 Revised Statutes and the civil-service and classification laws;
19 reimbursement for the cost of ferry fares and bridge, road,
20 and tunnel tolls; an allowance of not to exceed 3 cents per
21 mile for official travel in privately owned automobiles by
22 employees within the limits of their official stations; and
23 reimbursement at not to exceed 5 cents per mile to per-
24 sonnel serving without compensation from the United States
25 for expenses of travel performed by them in privately owned

1 automobiles away from their official stations: *Provided fur-*
2 *ther*, That such administrative expenses shall be exclusive
3 of interest paid, depreciation, properly capitalized expendi-
4 tures, repayment of loans, property operating expenses (in-
5 cluding project inventory), charges to surplus and operating
6 reserve, and cost of sales of commodities, services, and
7 property.

8 DEPARTMENT OF AGRICULTURE

9 Commodity Credit Corporation: *Provided*, That not to
10 exceed \$8,000,000 shall be available for administrative
11 expenses of the Corporation, including not to exceed \$400
12 for periodicals, maps, and newspapers, and not to exceed
13 \$30,000 for penalty mail: *Provided further*, That all neces-
14 sary expenses (including legal and special services performed
15 on a contract or fee basis, but not including other personal
16 services) in connection with the acquisition, operation,
17 maintenance, improvement, or disposition of any real or
18 personal property belonging to the Corporation or in which
19 it has an interest, including expenses of collections of pledged
20 collateral, shall be considered as nonadministrative expenses
21 for the purposes hereof: *Provided further*, That none of the
22 fund made available by this paragraph shall be used for
23 administrative expenses connected with the sale of Govern-
24 ment-owned or Government-controlled stocks of farm com-
25 modities at less than parity price as defined by the Agri-

1 cultural Adjustment Act of 1938 or the comparable price
2 as provided by section 4 (a) of the Act of July 1, 1941,
3 as amended (15 U. S. C. 713a-8) ; and the method that
4 is now used for the purposes of Commodity Credit Cor-
5 poration loans for determining the parity price or its equiva-
6 lent for seven-eighths inch Middling cotton at the average
7 location used in fixing the base loan rate for cotton shall
8 also be used for determining the parity price for seven-
9 eighths inch Middling cotton at such average location for the
10 purposes of this proviso: *Provided further*, That the fore-
11 going shall not apply to the sale or other disposition of any
12 agricultural commodity substantially deteriorated in quality
13 (or in the case of perishable fruits, vegetables, and animal
14 products if there is danger of deterioration or of accumulation
15 of stocks) or sold for the purpose of feeding, or the extrac-
16 tion of peanut oil, or commodities disposed of for export
17 pursuant to section 21 (c) of the Surplus Property Act of
18 1944 (Public Law 457) or commodities sold to farmers
19 for seed or for new or byproduct uses, or commodities sold
20 for the purpose of establishing claims against persons who
21 have committed fraud, misrepresentations, or other wrong-
22 ful acts with respect to such commodities: *Provided further*,
23 That no wheat or corn shall be sold for feed at a price less
24 than the parity price of corn at the time such sale is made:
25 *Provided further*, That in making regional adjustments in

1 the sale price of corn or wheat the minimum price need not
2 be higher in any area than the United States average parity
3 price of corn: *Provided further*, That the Secretary of the
4 Treasury is hereby authorized and directed to discharge
5 \$921,456,561 of the indebtedness of the Commodity Credit
6 Corporation to the Secretary of the Treasury by canceling
7 notes in such amount issued by the Corporation to the
8 Secretary of the Treasury pursuant to section 4 of the Act
9 of March 8, 1938, as amended (15 U. S. C. 713a-4).

10 Federal Crop Insurance Corporation.

11 Federal Surplus Commodities Corporation: *Provided*,
12 That funds acquired by the Corporation as an agency of the
13 United States, other than funds transferred pursuant to the
14 Act of June 28, 1937 (50 Stat. 323), shall remain avail-
15 able to the Secretary of Agriculture for the purpose of
16 liquidation and dissolution of the Corporation: *Provided*,
17 *however*, That not to exceed \$40,000 of such funds may be
18 expended for administrative expenses during the fiscal year
19 1947.

20 Federal Farm Mortgage Corporation: *Provided*, That
21 not to exceed \$3,750,000 shall be available for administra-
22 tive expenses of the Corporation, including employment on
23 a contract or fee basis of persons, firms, and corporations for
24 the performance of special services, including legal services;
25 use of the services and facilities of Federal land banks, na-

1 tional farm-loan associations, Federal Reserve banks, and
2 agencies of the Government as authorized by the Act of
3 January 31, 1934 (12 U. S. C. 1020-1020h) : *Provided*
4 *further*, That except for the limitation in amount herein-
5 before specified the administrative expenses and other obliga-
6 tions of the Corporation shall be incurred, allowed, and
7 paid in accordance with the provisions of said Act of Janu-
8 ary 31, 1934, as amended (12 U. S. C. 1016-1020h) .

9 Federal Intermediate Credit Banks: *Provided*, That
10 not to exceed \$1,500,000 shall be available for administra-
11 tive expenses.

12 Production Credit Corporations: *Provided*, That not to
13 exceed \$1,600,000 shall be available for administrative ex-
14 penses.

15 Regional Agricultural Credit Corporation of Washington,
16 District of Columbia: *Provided*, That not to exceed \$341,000
17 shall be available for administrative expenses.

18 DEPARTMENT OF COMMERCE

19 Inland Waterways Corporation: *Provided*, That not to
20 exceed \$624,000 shall be available for administrative ex-
21 penses, including not to exceed \$3,600 for penalty mail:
22 *Provided further*, That no funds shall be used to pay com-
23 pensation of employees, except vessel employees, at rates
24 in excess of rates fixed for similar services under the pro-
25 visions of the Classification Act of 1923, as amended, and the

1 Federal Employees Pay Act of 1945, as amended: *Provided*
2 *further*, That no funds shall be used to pay the compensation
3 of vessel employees at rates in excess of rates prevailing in
4 the maritime industry.

5 Warrior River Terminal Company: *Provided*, That not
6 to exceed \$20,200 shall be available for administrative
7 expenses.

8 DEPARTMENT OF THE INTERIOR

9 Virgin Islands Company: *Provided*, That not to exceed
10 \$20,000 shall be available for administrative expenses.

11 DEPARTMENT OF JUSTICE

12 Federal Prison Industries: *Provided*, That not to ex-
13 ceed \$268,826 shall be available for administrative expenses.

14 DEPARTMENT OF STATE

15 Institute of Inter-American Affairs: *Provided*, That
16 not to exceed \$700,000 shall be available for administra-
17 tive expenses, and not to exceed \$4,000 shall be available
18 for penalty mail.

19 Inter-American Transportation: *Provided*, That not to
20 exceed \$50,500 shall be available for administrative ex-
21 penses and not to exceed \$100 shall be available for penalty
22 mail.

23 Inter-American Educational Foundation: *Provided*,
24 That not to exceed \$350,000 shall be available for adminis-

1 trative expenses, and not to exceed \$2,000 shall be avail-
2 able for penalty mail.

3 Inter-American Navigation Corporation: *Provided*, That
4 not to exceed \$3,200 shall be available for administrative ex-
5 penses and not to exceed \$50 shall be available for penalty
6 mail.

7 Prencinradio, Incorporated: *Provided*, That not to exceed
8 \$11,000 shall be available for administrative expenses related
9 to liquidation and not to exceed \$50 shall be available for
10 penalty mail.

11 WAR DEPARTMENT

12 United States Spruce Production Corporation: *Provided*,
13 That not to exceed \$10,000 shall be available for administra-
14 tive expenses until January 1, 1947, and thereafter all admin-
15 istrative duties and responsibilities shall be assumed by such
16 officers and employees of the War Department as the Secre-
17 tary of War may designate and who shall receive no addi-
18 tional compensation for such duties: *Provided further*, That
19 the Secretary of War shall take appropriate steps to secure
20 the final dissolution and liquidation of the said corporation at
21 the earliest practicable date.

22 TITLE III—GENERAL PROVISIONS

23 SEC. 301. Funds made available by this Act for admin-
24 istrative expenses shall be available, in addition to objects
25 for which such funds are otherwise available, for personal

1 services and rent in the District of Columbia or elsewhere;
2 lawbooks, books of reference, periodicals, newspapers, and
3 maps; printing and binding; examination of budgets and
4 estimates of appropriations in the field; contract stenographic
5 reporting services; travel expenses in accordance with the
6 Standardized Government Travel Regulations, the Sub-
7 sistence Expense Act of 1926, as amended (except as to
8 per diem rates outside continental United States), and the
9 Act of February 14, 1931, as amended (5 U. S. C. 73a);
10 and for the objects specified under the head "General pro-
11 visions" in title II of the Independent Offices Appropriation
12 Act, 1947, all the provisions of which title (except section
13 211), unless otherwise specified in this Act, shall be ap-
14 plicable to the expenditure of such funds: *Provided*, That
15 the head of any agency may exercise any authority vested
16 in him by said title II through such subordinate or subordi-
17 nates as he may designate for the purpose.

18 SEC. 302. No part of any funds of any wholly owned
19 Government corporation shall be used for the purchase or
20 construction, or in making loans for the purchase or construc-
21 tion of any office building at the seat of government primarily
22 for occupancy by any department or agency of the United
23 States Government or by any corporation owned by the
24 United States Government.

25 SEC. 303. Funds of the corporations and agencies cov-

1 ered by the provisions of this Act shall be available for main-
2 tenance, operation, and repair of passenger automobiles and,
3 except as otherwise provided herein, shall be available for
4 purchase of passenger automobiles only for replacement of
5 nonserviceable vehicles.

6 SEC. 304. Any funds of, or available for expenditure by,
7 any corporation or agency included in this Act, which are
8 not subject to audit by the General Accounting Office under
9 the provisions of the Government Corporation Control Act
10 (Public Law 248, Seventy-ninth Congress) or other law,
11 shall be accounted for and audited in accordance with the
12 Budget and Accounting Act, as amended, and no such fund
13 shall be obligated or expended unless and until an appropriate
14 appropriation account shall have been established therefor
15 pursuant to an appropriation warrant or a covering warrant:
16 *Provided*, That this section shall not be so construed as to
17 modify or repeal any provision of any other law respecting
18 warranting, accounting for, and auditing of funds.

19 SEC. 305. No part of the funds of, or available for
20 expenditure by, any corporation or agency included in this
21 Act shall be used to pay the salary or wages of any
22 person who engages in a strike against the Government
23 of the United States or who is a member of an organ-
24 ization of Government employees that asserts the right
25 to strike against the Government of the United States, or

1 who advocates, or is a member of an organization that
2 advocates, the overthrow of the Government of the United
3 States by force or violence: *Provided*, That for the purposes
4 hereof an affidavit shall be considered prima facie evidence
5 that the person making the affidavit has not contrary to the
6 provisions of this section engaged in a strike against the
7 Government of the United States, is not a member of an
8 organization of Government employees that asserts the right
9 to strike against the Government of the United States, or
10 that such person does not advocate, and is not a member of
11 an organization that advocates, the overthrow of the Govern-
12 ment of the United States by force or violence: *Provided*
13 *further*, That any person who engages in a strike against
14 the Government of the United States or who is a member
15 of an organization of Government employees that asserts
16 the right to strike against the Government of the United
17 States, or who advocates, or who is a member of an organ-
18 ization that advocates, the overthrow of the Government of
19 the United States by force or violence and accepts employ-
20 ment the salary or wages for which are paid from any funds
21 available to any corporation or agency included in this Act
22 shall be guilty of a felony and, upon conviction, shall be fined
23 not more than \$1,000 or imprisoned for not more than one
24 year, or both: *Provided further*, That the above penalty

1 clause shall be in addition to, and not in substitution for,
2 any other provisions of existing laws.

3 SEC. 306. This Act may be cited as the "Government
4 Corporations Appropriations Act, 1947".

Passed the House of Representatives June 13, 1946.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

JUNE 14 (legislative day, MARCH 5), 1946
Read twice and referred to the Committee on
Appropriations

DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Legislative Reports and Service Section
(For Department staff only)

Issued June 28, 1946
For actions of June 27, 1946
79th-2nd, No. 125

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HIGHLIGHTS: House debated third deficiency appropriation bill. House passed bill to continue Land Bank Commissioner loans, with amendment providing for FCA study of how similar loans could be made through land-bank system. Senate continued debate on conference report on price-control bill. Senate committee reported Government corporations appropriation bill. Rep. LeFevre blamed OPA and strikes for farm-machinery shortage. Rep. Jensen criticized export subsidies on soil-depleting crops and lack of export subsidies on beef and pork.

HOUSE

- THIRD DEFICIENCY APPROPRIATION BILL.** Began debate on this bill, H.R. 6885 (pp. 7743-67). Agreed to resolution waiving points of order (p. 7743). Most of the debate was on the UNRRA item.
As reported (see Digest 124) this bill also included an item of \$57,000 for packing, transporting, etc., of household goods and personal effects of employees transferred from D.C. in order to be restored to duty in decentralized agencies after service in the armed forces.
- LAND BANK COMMISSIONER LOANS.** Passed with amendment H.R. 6477, to authorize continuation of Land Bank Commissioner loans until July 1, 1951; to limit such loans to refinancing for the period July 1, 1946, to July 1, 1951, except as may be otherwise specified by Congressional resolution; and to authorize repayment to the Treasury of capital in excess of that necessary to carry on the functions of the Federal Farm Mortgage Corporation (pp. 7767-74). During the debate Rep. Flannagan, Va., explained the provisions of the bill, commended FCA, and listed those for and against the bill (pp. 7768-73).
Agreed to Rep. Flannagan's amendment to provide for an FCA study of how similar loans could be made through the land-bank system (p. 7773).
- NAVAL APPROPRIATION BILL, 1947.** Received the conference report on this bill, H.R. 6496 (pp. 7733-5).
- D.C. APPROPRIATION BILL, 1947.** Agreed to conference report on this bill, H.R. 5990, and acted on amendments in disagreement (pp. 7735-43).

5. HOUSING. Passed without amendment S. 2341, to amend the National Housing Act so as to extend the authority of the Federal Housing Administrator to insure mortgages on existing houses, which otherwise would expire June 30, 1946 (p. 7767). This bill was reported earlier in the day (p. 7778).
6. FOREIGN RELATIONS. Received from this Department proposed legislation to provide for the inclusion of the Secretary of Agriculture as a member of the Export-Import Advisory Board and of the National Advisory Council of the International Bank for Reconstruction and Development. To Banking and Currency Committee. (p. 7778.)
7. PENALTY MAIL. Received from the Postmaster General a tabulated report by departments and agencies on penalty mail for the period July 1, 1945, to March 31, 1946. To Post Office and Post Roads Committee. (p. 7778)
8. BANK HOLIDAYS. The D.C. Committee reported without amendment H.R. 6744, to provide that every Saturday shall be a holiday for banks and building and loan associations (H.Rept. 2386) (p. 7778).
9. WAR POWERS. Received the conference report on H.R. 5716, to continue parts of the Second War Powers Act, including priorities powers (p. 7767).
The Judiciary Committee reported without amendment H.R. 6890, to amend the First War Powers Act regarding claims for property transferred to the Alien Property Custodian (H.Rept. 2398) (p. 7778).

SENATE

10. PRICE CONTROL. Continued debate on the conference report on H.R. 6042, to amend and extend the Price Control and Stabilization Acts (pp. 7783-862). There was discussion of prices on agricultural products throughout the debate. In urging removal of price controls on livestock and meat, Sens. Moore (Okla.) and Wilson (Iowa) quoted Secretary Anderson's testimony before congressional committees (pp. 7789-93, 7803-4).
11. GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H.R. 6777 (S.Rept. 1617) (p. 7780). Sen. McKellar, Tenn., gave notice of a motion to suspend the rule and propose an amendment to this bill to provide that: "In order to meet emergencies or contingencies arising subsequent to approval of the Budget and not provided for in the Budget program, a corporation or agency covered by the provisions of this act may, with the approval of the President, adjust its budget program to provide, within the limits of available funds and borrowing authority, for the immediate initiation of programs authorized by law and not specifically set forth in the Budget." (p. 7782.)
12. MILITARY ESTABLISHMENT APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H.R. 6837 (S. Rept. 1590) (p. 7780).
13. COAST GUARD APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H.R. 6428 (S.Rept. 1616) (p. 7780).
14. LEGISLATIVE APPROPRIATION BILL, 1947. Both houses agreed to the conference report on this bill, H.R. 6429 (pp. 7732, 7745, 7802). This bill will now be sent to the President.
15. TRADE MARKS. Agreed to reconsideration of the vote for agreement to the conference report on H.R. 1654, to provide for the registration and protection of

MAKING APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1947

JUNE 27 (legislative day, MARCH 5), 1946.—Ordered to be printed

Mr. McKELLAR, from the Committee on Appropriations, submitted the following

R E P O R T

[To accompany H. R. 6777]

The Committee on Appropriations to whom was referred the bill (H. R. 6777) entitled "An Act making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes", report the same to the Senate with various amendments and submit information relative to the changes made.

Amount of bill as passed the House.....	\$45, 546, 287
Amount added by Senate.....	21, 746, 000
Amount of bill as reported to the Senate.....	67, 292, 287

The Government Corporation Control Act, which became a law on December 6, 1945, requires for the first time that all wholly owned Government corporations submit annual budgets to the Congress. The corporations and independent agencies covered by the bill are as follows:

Export-Import Bank of Washington. (District of Columbia charter.)

Panama Railroad Company. (New York charter.)

Tennessee Valley Associated Cooperatives. (Tennessee charter.)

Tennessee Valley Authority. (Federal charter.)

Federal Loan Agency:

Reconstruction Finance Corporation. (Federal charter.)

Federal National Mortgage Association. (Federal charter.)

Rubber Development Corporation. (Delaware charter.)

The RFC Mortgage Company. (Maryland charter.)

U. S. Commercial Company. (Federal charter.)

War Damage Corporation. (Federal charter.)

National Housing Agency:

Federal Home Loan Bank Administration. (Federal charter.)

Federal Savings and Loan Insurance Corporation. (Federal charter.)

Home Owners' Loan Corporation. (Federal charter.)

Federal Housing Administration. (Federal charter.)

Federal Public Housing Authority. (Federal charter.)

Defense Homes Corporation. (Maryland charter.)

Department of Agriculture:

Commodity Credit Corporation. (Delaware charter.)

Federal Crop Insurance Corporation. (Federal charter.)

Federal Surplus Commodities Corporation. (Delaware charter.)

Federal Farm Mortgage Corporation. (Federal charter.)

Federal Intermediate Credit Banks. (Federal charter.)

Production Credit Corporations. (Federal charter.)

Regional Agricultural Credit Corporation. (Federal charter.)

Department of Commerce:

Inland Waterways Corporation. (Federal charter.)

Warrior River Terminal Company. (Alabama charter.)

Department of the Interior:

Virgin Islands Company. (Municipality of St. Thomas charter.)

Department of Justice:

Federal Prison Industries, Inc. (Federal charter.)

Department of State:

Institute of Inter-American Affairs. (Delaware charter.)

Institute of Inter-American navigation. (Delaware charter—in liquidation.)

Institute of Inter-American Transportation. (Delaware charter—in liquidation.)

Inter-American Educational Foundation. (Delaware charter.)

Prencinradio, Inc. (Delaware charter—in liquidation.)

War Department:

U. S. Spruce Production Corporation. (Washington charter—in liquidation.)

The committee looks upon the enactment of the Government Corporation Control Act as a long step forward in the fiscal affairs of the Government. However, the short time available after enactment of the law for preparation of budgets and their review by the Bureau of the Budget and the President preparatory to submission to Congress and for action by the Congress is not adequate for full deliberation at any stage, a situation which is not desirable but which is unavoidable. In future years it will be possible to give more detailed consideration to the various problems involved and to present to the Congress more detailed information than it has been possible to develop and include in the hearings on the 1947 bill.

LIQUIDATION OF CORPORATIONS

Section 304 (b) of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads as follows:

No wholly owned Government corporation created by or under the laws of any State, Territory, or possession of the United States or any political subdivision thereof, or under the laws of the District of Columbia, shall continue after June 30, 1948, as an agency or instrumentality of the United States, and no funds of, or obtained from, the United States or any agency thereof, including corporations, shall be invested in or employed by any such corporation after that date, except for purposes of liquidation. The proper corporate authority of every such corporation shall take the necessary steps to institute dissolution or liquidation proceedings on or before that date: *Provided*, That prior thereto any such corporation may be reincorporated by Act of Congress for such purposes and term of existence and with such powers, privileges, and duties as authorized by such Act, including the power to take over the assets and assume the liabilities of its respective predecessor corporation.

A number of the corporations provided for in this bill do not have charters granted by act of Congress. Some of them will have completed the purposes for which organized before June 30, 1948, so that it will not be necessary to enact legislation continuing their operations after that date but others are engaged in business of such nature that some legislation will be required either to continue them as Federal corporations or to otherwise dispose of their functions and responsibilities. In enacting the law the Congress allowed 2½ years after its effective date in which to secure such legislation as may be necessary. In compliance with the act the budget for 1948 will be the last operating budget presented to the Congress for such corporations as it may be determined not to continue and the committee requests that the budget for the fiscal year 1948 for each such corporation indicate whether or not it is desired to liquidate the corporation or to continue it in operation. If liquidation is contemplated such budget should make provision for initiation of the necessary dissolution and liquidation proceedings. If it is proposed that any such corporation be continued after June 30, 1948, recommendations with respect to the necessary legislation to accomplish this purpose should be transmitted to the Congress at the time the 1948 budget is submitted. This will give the Congress ample time to consider the proposals and enact in a normal way such legislation as it determines upon. It is highly important that the charters of the corporations to be continued may have the proper consideration of the Congress.

ADMINISTRATIVE EXPENSES

Limitations have been placed on administrative expenses throughout the bill in conformity with established practice with respect to agencies not operating under direct appropriations. The following table sets forth the amounts provided for such expenses in 1946, amounts proposed in the Budget for 1947, and the amounts recommended by the House and the amount proposed by the Senate committee.

Agency	Allowed, 1946	Budget, 1947	Recom- mended by House	Recom- mended by Senate	Increase (+) or de- crease (-) Senate bill compared with House bill
Export-Import Bank.....	\$522,700	\$780,000	\$780,000	\$780,000	-----
Tennessee Valley Associated Cooperatives.....	2,500	2,500	2,500	2,500	-----
Panama Railroad Company.....	689,512	591,852	500,090	525,000	+ \$25,000
Federal Loan Agency:					
Office of Administrator.....	91,000	118,000	118,000	118,000	-----
Reconstruction Finance Corporation.....	41,741,100	37,553,000	33,553,060	35,553,000	+2,000,000
National Housing Agency:					
Federal Home Loan Bank Adminis- tration.....	1,433,432	1,602,000	1,400,000	1,501,000	+101,000
Federal Savings and Loan Insurance Corporation.....	531,000	532,000	532,000	532,000	-----
Home Owners' Loan Corporation.....	5,754,000	5,179,000	4,500,000	5,600,000	+500,000
Federal Housing Administration.....	11,250,000	17,624,000	17,624,000	17,624,000	-----
Federal Public Housing Authority.....	17,229,400	19,845,400	18,000,000	18,000,000	-----
Defense Homes Corporation.....	105,391	98,400	75,000	98,400	+23,400
Department of Agriculture:					
Commodity Credit Corporation.....	8,932,500	8,760,000	8,000,000	8,760,000	+760,000
Federal Crop Insurance Corporation.....	7,984,900	7,880,000	6,800,000	7,880,000	+1,080,000
Federal Surplus Commodities Corpo- ration.....	52	40,000	40,000	-----	-40,000
Federal Farm Mortgage Corporation.....	6,450,000	4,000,000	3,750,000	3,875,000	+125,000
Intermediate credit banks.....	1,662,039	1,688,501	1,500,000	1,688,501	+188,501
Production credit corporations.....	1,644,912	1,736,993	1,600,000	1,644,912	+44,912
Regional Agricultural Credit Corpora- tion.....	642,000	441,000	341,000	391,000	+50,000
Department of Commerce:					
Inland Waterways Corporation.....	595,346	714,281	624,000	624,000	-----
Warrior River Terminal Company.....	19,459	20,200	20,200	20,200	-----
Department of Interior: Virgin Islands Company.....	27,900	26,900	20,000	20,000	-----
Department of Justice: Federal Prison Industries.....	204,444	268,826	268,826	268,826	-----
Department of State:					
Institute of Inter-American Affairs.....	737,320	884,800	700,000	700,000	-----
Institute of Inter-American Transpor- tation.....	62,279	50,500	50,500	50,500	-----
Inter-American Educational Founda- tion.....	246,829	436,000	350,000	350,000	-----
Inter-American Navigation Corpora- tion.....	1,613	3,200	3,200	3,200	-----
Prencinradio, Inc.....	8,700	11,000	11,000	11,000	-----
Spruce Production Corporation.....	20,884	13,669	10,000	10,000	-----
Total.....	108,591,212	110,896,022	101,173,226	106,031,039	+4,857,813

The changes in the amounts recommended by the committee are as follows:

INCREASES AND LIMITATIONS

Tennessee Valley Authority:

For continued construction of Watauga and South Holston Dams.....	\$17,666,000
For beginning construction of a fertilizer manufacturing plant at or near Mobile, Ala.....	3,000,000

Total, Tennessee Valley Authority..... 20,666,000

Federal Crop Insurance Corporation:

Operating and administrative expenses.....	1,080,000
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INCREASES AND LIMITATIONS—Continued

Panama Railroad Company:

It is recommended by the committee that the amount available for administrative expenses be increased from \$500,000, as proposed by the House, to \$525,000. The amount recommended is \$164,512 less than the estimated expenditures for 1946, and \$66,852 less than the Budget estimate.

Reconstruction Finance Corporation:

Administrative expenses:

It is recommended by the committee that the amount available for administrative expenses be increased from \$33,553,000 as proposed by the House to \$35,553,000, which is \$2,000,000 less than the Budget estimate.

Federal Home Loan Bank Administration:

It is recommended by the committee that the amount available for administrative expenses be increased from \$1,400,000 as proposed by the House to \$1,501,000, which is \$67,568 more than the current appropriation of \$1,433,432 and \$101,000 less than the Budget estimate of \$1,602,000. It is the opinion of the committee that any reduction in force necessary because of a curtailment of administrative expenses should not be applied to the Examining Division. This Division examines building and loan associations whose accounts are insured up to a maximum of \$5,000 by the Federal Savings and Loan Insurance Corporation, which assumes full liability for all of these insured accounts. In times of considerable economic stress and loan activity, such as the present, it is vitally important to maintain established standards of sound loan practices, through keeping these examinations on a current basis.

Home Owners' Loan Corporation:

The committee recommend that the amount available for administrative expenses be increased from \$4,500,000 as proposed by the House to \$5,000,000, which is \$754,000 less than the amount available in 1946 and \$179,000 less than the budget estimate.

Defense Homes Corporation:

It is recommended by the committee that the amount available for administrative expenses be increased from \$75,000 as proposed by the House to \$98,400, which is \$6,991 less than the amount available for 1946 and the same as the budget estimate.

INCREASES AND LIMITATIONS—Continued

Commodity Credit Corporation:

It is recommended that the amount available to the Corporation for administrative expenses be increased from \$8,000,000 as proposed by the House to \$8,760,000, which is \$172,500 less than the amount available for 1946 and is the same as proposed in the Budget.

It is also recommended that the following provisos be stricken from the bill:

Provided further, That none of the fund made available by this paragraph shall be used for administrative expenses connected with the sale of Government-owned or Government-controlled stocks of farm commodities at less than parity price as defined by the Agricultural Adjustment Act of 1938 or the comparable price as provided by section 4 (a) of the Act of July 1, 1941, as amended (15 U. S. C. 713a-8); and the method that is now used for the purpose of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths inch Middling cotton at such average location for the purposes of this proviso:

Provided further, That the foregoing shall not apply to the sale or other disposition of any agricultural commodity substantially deteriorated in quality (or in the case of perishable fruits, vegetables, and animal products if there is danger of deterioration or of accumulation of stocks) or sold for the purpose of feeding, or the extraction of peanut oil, or commodities disposed of for export pursuant to section 21 (c) of the Surplus Property Act of 1944 (Public Law 457) or commodities sold to farmers for seed or for new or byproduct uses, or commodities sold for the purpose of establishing claims against persons who have committed fraud, misrepresentations, or other wrongful acts with respect to such commodities: *Provided further*, That no wheat or corn shall be sold for feed at a price less than the parity price of corn at the time such sale is made: *Provided further*, That in making regional adjustments in the sale price of corn or wheat the minimum price need not be higher in any area than the United States average parity price of corn.

Restrictions similar to these are contained in section 2 of the act of April 12, 1945 (Public Law 30, 79th Cong.). Inasmuch as these restrictions are already carried in substantive legislation which is applicable to the fiscal year 1947, their repetition in the language of the Government corporations appropriation bill is unnecessary.

It is recommended further that the following proviso be added to the bill:

: Provided further, That no part of any funds appropriated in this Act for the Commodity Credit Corporation shall be used, during the fiscal year ending June 30, 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of this Act

INCREASES AND LIMITATIONS—Continued

Federal Farm Mortgage Corporation:

The committee recommend that the amount available for administrative expenses be increased from \$3,750,000 to \$3,875,000, which is \$2,575,000 less than the amount available for 1946 and \$125,000 less than the amount submitted by the Budget.

Federal Surplus Commodities Corporation:

It is recommended by the committee that the following paragraph be stricken from the bill:

Federal Surplus Commodities Corporation: *Provided*, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: *Provided, however*, That not to exceed \$40,000 of such funds may be expended for administrative expenses during the fiscal year 1947.

Federal intermediate credit banks:

It is recommended by the committee that the amount for administrative expenses be increased from \$1,500,000 as proposed by the House to \$1,688,501, which is \$26,462 more than the amount available for 1946 and the same as submitted by the Budget.

Production credit corporations:

The committee recommend that the amount for administrative expenses be increased from \$1,600,000, as proposed by the House, to \$1,644,912, which is the same as for the current year and \$92,081 below the amount submitted by the Budget.

Regional Agricultural Credit Corporation of Washington, D. C.:

It is recommended that the amount available for administrative expenses be increased from \$341,000 as proposed by the House to \$391,000, which is \$251,000 less than the amount for the current year and \$50,000 less than the budget estimate.

Total increase	\$21, 746, 000
Amount of bill as reported to Senate	67, 292, 287



Calendar No. 1647

79TH CONGRESS
2D SESSION

H. R. 6777

[Report No. 1617]

IN THE SENATE OF THE UNITED STATES

JUNE 14 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on Appropriations

JUNE 27 (legislative day, MARCH 5), 1946

Reported by Mr. McKELLAR, with amendments

[Omit the part struck through and insert the part printed in *italic*]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1947, namely:

7 TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16

1 U. S. C., ch. 12A), including the construction of South Hol-
2 ston Dam and Watauga Dam *and beginning construction*
3 *of a fertilizer manufacturing plant at or near Mobile,*
4 *Alabama;* and the acquisition of necessary land, the
5 clearing of such land, relocation of highways, and the
6 construction or purchase of transmission lines and other
7 facilities, and all other necessary works authorized by
8 such Act; purchase, hire, maintenance, repair, and operation
9 of aircraft; rents in the District of Columbia and elsewhere;
10 penalty mail (not to exceed \$25,000); and all necessary
11 salaries and expenses connected with the organization, opera-
12 tion, and investigations of the Tennessee Valley Authority,
13 ~~\$25,906,000~~ \$46,572,000, together with the unexpended
14 balance of funds heretofore appropriated, to remain avail-
15 able until June 30, 1947, and to be available for the pay-
16 ment of obligations chargeable against prior appropriations:
17 *Provided, That of the \$46,572,000 appropriated herein,*
18 *\$17,666,000 shall be available for the immediate resump-*
19 *tion of construction and continued prosecution of the work*
20 *on the Watauga and South Holston Dams with a view to*
21 *the completion of the work on both dams at the earliest pos-*
22 *sible date and \$3,000,000 toward the construction of a ferti-*
23 *lizer manufacturing plant at or near Mobile, Alabama.*

1 NATIONAL HOUSING AGENCY

2 FEDERAL PUBLIC HOUSING AUTHORITY

3 Annual contributions: For the payment of annual con-
4 tributions to public housing agencies in accordance with sec-
5 tion 10 of the United States Housing Act of 1937, as
6 amended (42 U. S. C. 1410), \$8,300,000, together with the
7 unexpended balance of the appropriation for this purpose for
8 the fiscal year 1946: *Provided*, That except for payments
9 required on contracts entered into prior to April 18, 1940,
10 no part of this appropriation shall be available for payment
11 to any public housing agency for expenditure in connection
12 with any low-rent housing project, unless the public housing
13 agency shall have adopted regulations prohibiting as a tenant
14 of any such project by rental or occupancy any person other
15 than a citizen of the United States, but such prohibition shall
16 not be applicable in the case of a family of any serviceman
17 or the family of any veteran who has been discharged (other
18 than dishonorably) from, or the family of any serviceman
19 who died in, the armed forces of the United States within
20 four years prior to the date of application for admission to
21 such housing: *Provided further*, That none of the funds
22 herein shall be used to pay contributions with respect to
23 projects constructed under authority of Public Law 671.
24 Seventy-sixth Congress.

1 DEPARTMENT OF AGRICULTURE

2 FEDERAL CROP INSURANCE CORPORATION

3 Operating expenses: For operating and administrative
4 expenses, ~~\$6,800,000~~ \$7,880,000, including not to exceed
5 \$700 for newspapers.

6 DEPARTMENT OF STATE

7 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

8 For the payment of obligations incurred under the con-
9 tract authorization of \$18,000,000 under the head "Office of
10 the Coordinator of Inter-American Affairs" in the National
11 War Agencies Appropriation Act, 1944, \$3,456,710.

12 INTER-AMERICAN EDUCATIONAL FOUNDATION,

13 INCORPORATED

14 For the payment of obligations incurred under the con-
15 tract authorization of \$2,500,000 under the head "Office
16 of the Coordinator of Inter-American Affairs" in the National
17 War Agency Appropriation Act, 1945, \$1,083,577.

18 TITLE II

19 The following corporations and agencies, respectively,
20 are hereby authorized to make such expenditures, within the
21 limits of funds and borrowing authority available to each
22 such corporation or agency and in accord with law, and
23 to make such contracts and commitments without regard
24 to fiscal year limitations as provided by section 104 of the
25 Government Corporation Control Act, as may be necessary

1 to carrying out the programs set forth in the Budget for
2 the fiscal year 1947 for each such corporation or agency,
3 except as hereinafter provided:

4 INDEPENDENT AGENCIES AND CORPORATIONS

5 Export-Import Bank of Washington: *Provided*, That
6 not to exceed \$780,000 of the funds of the Export-Import
7 Bank of Washington, shall be available during the fiscal
8 year 1947 for all administrative expenses of the bank, in-
9 cluding purchase, maintenance, operation, and repair of one
10 passenger automobile; not to exceed \$100 for periodicals,
11 \$200 for newspapers, and \$200 for maps; and not to exceed
12 \$24,000 for the temporary employment of persons or or-
13 ganizations for special services by contract or otherwise,
14 without regard to section 3709 of the Revised Statutes and
15 the civil-service and classification laws: *Provided further*,
16 That all necessary expenses (including special services per-
17 formed on a contract or fee basis, but not including other
18 personal services) in connection with the acquisition, opera-
19 tion, maintenance, improvement, or disposition of any real
20 or personal property belonging to the bank or in which it
21 has an interest, including expenses of collections of pledged
22 collateral, shall be considered as nonadministrative expenses
23 for the purposes hereof.

24 Panama Railroad Company: *Provided*, That not to ex-

ceed ~~\$500,000~~ \$525,000 shall be available for administrative expenses.

Tennessee Valley Associated Cooperatives: *Provided*, That not to exceed \$2,500 shall be available for administrative expenses.

Tennessee Valley Authority.

FEDERAL LOAN AGENCY

Office of the Administrator: *Provided*, That of the funds available for administrative expenses to the agencies under the direction and supervision of the Federal Loan Administrator (12 U. S. C. 1801), \$118,000 is hereby made available to the Administrator for administrative expenses of supervising such agencies, including printing and binding (\$2,500) ; not to exceed \$10,000 for the temporary employment of persons or organizations for special services by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws.

Reconstruction Finance Corporation: *Provided*, That not to exceed ~~\$33,553,000~~ \$35,553,000 (to be computed on an accrual basis) of the funds of the Reconstruction Finance Corporation, established by the Act of January 22, 1932 (47 Stat. 5), shall be available during the fiscal year 1947 for its administrative expenses and the administrative expenses of Federal National Mortgage Association, The RFC Mortgage Company, War Damage Corpo-

1 ration, U. S. Commercial Company, and Rubber Develop-
2 ment Corporation; not to exceed \$650 for periodicals and
3 newspapers; use of the services and facilities of the Federal
4 Reserve banks; and not to exceed \$115,150 for deposit in
5 the general fund of the Treasury for cost of penalty mail as
6 required by section 2 of the Act of June 28, 1944 (Public
7 Law 364) : *Provided further*, That all necessary expenses
8 (including services performed on a force account, contract,
9 or fee basis, but not including other personal services except
10 those which the corporations' prescribed accounting system
11 requires to be capitalized or charged to the cost of com-
12 modities acquired) in connection with the acquisition, pro-
13 tection, operation, maintenance, improvement, or disposition
14 of real or personal property belonging to said corporations,
15 or in which they have an interest, including expenses of
16 collections of pledged collateral, expenses incurred for serv-
17 ices performed outside the limits of continental United States
18 and properly capitalized expenditures, shall be considered as
19 nonadministrative expenses for the purposes hereof: *Pro-*
20 *vided further*, That none of the funds of the Reconstruction
21 Finance Corporation and the subsidiaries thereof shall be used
22 for the custody, maintenance, or disposal of any surplus
23 property except such property as may be owned by and
24 held for disposal by the Reconstruction Finance Corporation
25 or its subsidiaries: *Provided further*, That no part of the

1 funds of the Reconstruction Finance Corporation or of any
2 subsidiary thereof shall be used to make any purchase or for
3 personal services or to enter into any contract for the use
4 or benefit of any other agency of the Government unless
5 such agency shall have authority in law and appropriations
6 available to make reimbursement for such purchase, personal
7 services, or contract: *Provided further*, That none of the
8 funds of the Reconstruction Finance Corporation and its
9 subsidiaries shall be used for the making of any loan to any
10 State, any subdivision thereof, any municipality therein, or
11 any public authority, for construction purposes, unless in
12 pursuance of a specific authorization if such loan would
13 increase the aggregate amount of such loans outstanding
14 above \$100,000,000.

15 Federal National Mortgage Association.

16 The RFC Mortgage Company.

17 Rubber Development Corporation.

18 U. S. Commercial Company.

19 War Damage Corporation.

20 NATIONAL HOUSING AGENCY

21 Salaries and expenses, office of the Administrator and
22 Expediter: In addition to the amounts available by or pur-
23 suant to law (which shall be transferred to this authoriza-
24 tion) for the administrative expenses of the Office of the
25 Administrator, National Housing Agency, in carrying out

1 duties imposed by or pursuant to law, such amounts, not
2 exceeding \$450,000, as the Administrator determines are
3 required for the expenses of the Office of the Administrator
4 in the performance of administrative and supervisory services
5 relating to the constituent units of said Agency shall be
6 transferred, from the funds available for the administrative
7 expenses of such constituent units for the fiscal year 1947,
8 to this authorization for expenditure hereunder, and all
9 such amounts shall be available for all necessary ex-
10 penses of said Office of the Administrator; periodicals and
11 newspapers (not to exceed \$1,000) ; preparation, mounting,
12 shipping, and installation of exhibits; purchase of sixteen
13 (including one at not to exceed \$1,800), maintenance, re-
14 pair, operation, and rental of passenger automobiles; tempo-
15 rary employment of persons or organizations, by contract or
16 otherwise, for research work, and for engineering, technical,
17 legal, or other special services, including stenographic re-
18 porting services, without regard to section 3709 of the
19 Revised Statutes and the civil-service and classification laws;
20 expenses of attendance at meetings of organizations con-
21 cerned with the work of the Agency, when specifically
22 authorized by the Administrator; reimbursement for the
23 actual cost of ferry fares and bridge, road, and tunnel tolls;
24 payment of not to exceed 3 cents per mile to employees

1 or others rendering service to the Government for use by
2 them of privately owned automobiles for transportation on
3 official business within the limits of their official stations; and
4 purchase of teletype news services (not to exceed \$1,000) :
5 *Provided*, That the Administrator may, with the approval
6 of the President of the United States, transfer to this au-
7 thorization or to an authorization of a constituent unit from
8 funds available for administrative expenses of the constituent
9 units or the Office of the Administrator such additional sums
10 as represent a consolidation in the Office of the Administrator
11 or in a constituent unit of any of the administrative functions
12 of the National Housing Agency; but no such transfer of
13 funds shall be made unless the consolidation will result in a
14 reduction in manpower and a savings in administrative ex-
15 penses, which savings shall not be used for administrative
16 expenses but instead shall be returned to or remain in the
17 funds from which administrative expenses are drawn under
18 this authorization: *Provided further*, That a report of such
19 transfers and the savings effected thereby shall be submitted
20 to Congress in the annual budget.

21 Penalty mail costs: For costs of penalty mail of the
22 National Housing Agency, not to exceed \$295,600, said
23 sum to be derived by transfer of the unobligated balances,
24 as of July 1, 1946, of the funds made available for penalty
25 mail costs by the First Supplemental Appropriation Act,

1 1945, and the Independent Offices Appropriation Act, 1946,
2 and by transfer, from the funds of the constituent units of
3 said Agency available for administrative expenses, in not
4 to exceed the following amounts: Office of the Administrator,
5 \$15,000; Federal Home Loan Bank Administration, \$111,-
6 000; Federal Housing Administration, \$130,000; and Fed-
7 eral Public Housing Authority, \$39,600: *Provided*, That in
8 no event shall any moneys in excess of the costs of penalty
9 mail allocable, respectively, to said Office of the Administra-
10 tor and each of the aforesaid constituent units of the National
11 Housing Agency be transferred hereunder: *Provided further*,
12 That so long as the positions of National Housing Adminis-
13 trator and Housing Expediter are held by the same person,
14 such person may accept the salary of either such position
15 but not to exceed \$12,000 per annum.

16 Federal Home Loan Bank Administration: *Provided*,
17 That not to exceed a total of ~~\$1,400,000~~ \$1,501,000, to be
18 derived from the special deposit account established
19 under the provisions under the head "Federal Home
20 Loan Bank Administration" in the Independent Offices
21 Appropriation Act, 1944, and from receipts of the
22 Federal Home Loan Bank Administration or the Fed-
23 eral Home Loan Bank Board for the fiscal year 1947
24 and prior fiscal years, shall be available during the
25 fiscal year 1947 for administrative expenses of the Federal

1 Home Loan Bank Administration (Executive Order 9070
2 of February 24, 1942), and said Administration may transfer
3 to a separate authorization (which is hereby authorized to be
4 established), for expenditure by the Administration there-
5 under, not to exceed such amounts, from funds available for
6 administrative expenses of the Federal Home Loan Bank
7 Administration, the Federal Savings and Loan Insurance Cor-
8 poration, and the Home Owners' Loan Corporation, as said
9 Administration may deem necessary or advisable to be so
10 transferred for administrative expenses of or relating to any
11 department or unit of said Administration providing services
12 or facilities also to the Federal Savings and Loan Insur-
13 ance Corporation and the Home Owners' Loan Corpora-
14 tion; and use of services and facilities of the Federal
15 home-loan banks, Federal Reserve banks, Federal Savings
16 and Loan Insurance Corporation, and the Home Owners'
17 Loan Corporation and other agencies of the Government,
18 the amounts so derived to be credited upon the books
19 of the Treasurer of the United States in such account or
20 accounts as said Administration may determine: *Provided*
21 *further*, That all necessary expenses in connection with the
22 conservatorship of institutions insured by the Federal Savings
23 and Loan Insurance Corporation and all necessary expenses
24 (including services performed on a contract or fee basis, but
25 not including other personal services) in connection with the

1 handling, including the purchase, sale, and exchange, of
2 securities on behalf of Federal home-loan banks, and the
3 sale, issuance, and retirement of, or payment of interest on,
4 debentures or bonds, under the Federal Home Loan Bank
5 Act, as amended, shall be considered as nonadministrative
6 expenses for the purposes hereof: *Provided further*, That not-
7 withstanding any other provisions of this Act, except for
8 the limitation in amount hereinbefore specified, the adminis-
9 trative expenses and other obligations of the Administration
10 shall be incurred, allowed, and paid in accordance with the
11 provisions of the Federal Home Loan Bank Act of July 22,
12 1932, as amended (12 U. S. C. 1421-1449).

13 Federal Savings and Loan Insurance Corporation: *Pro-*
14 *vided*, That not to exceed \$532,000 shall be available for
15 administrative expenses, including the use of services and
16 facilities of the Federal home-loan banks, Federal Reserve
17 banks, and agencies of the Government, including the Fed-
18 eral Home Loan Bank Administration and the Home
19 Owners' Loan Corporation, which shall be on an accrual
20 basis and shall be exclusive of interest paid, depreciation,
21 properly capitalized expenditures, and expenses in connection
22 with liquidation of insured institutions, liquidation or handling
23 of assets of or derived from insured institutions, payment of
24 insurance, and action for or toward the avoidance, termina-
25 tion, or minimizing of losses in the case of specific insured

1 institutions: *Provided further*, That notwithstanding any
2 other provisions of this Act, except for the limitation in
3 amount hereinbefore specified, the administrative expenses
4 and other obligations of said Corporation shall be incurred,
5 allowed, and paid in accordance with title IV of the Act of
6 June 27, 1934, as amended (12 U. S. C. 1724-1730).

7 Home Owners' Loan Corporation: *Provided*, That not to
8 exceed ~~\$4,500,000~~ \$5,000,000 shall be available for admin-
9 istrative expenses, including the use of services and facilities
10 of the Federal home-loan banks, Federal Reserve banks, and
11 agencies of the Government, including the Federal Home
12 Loan Bank Administration and the Federal Savings and
13 Loan Insurance Corporation, which shall be on an accrual
14 basis and shall be exclusive of interest paid, depreciation,
15 properly capitalized expenditures, expenses (including serv-
16 ices performed on a force account, contract, or fee basis, but
17 not including other personal services) in connection with the
18 acquisition, protection, operation, maintenance, improvement,
19 or disposition of real or personal property belonging to said
20 Corporation or in which it has an interest, and legal fees and
21 expenses: *Provided further*, That notwithstanding any other
22 provisions of this Act, except for the limitation in amount
23 hereinbefore specified, the administrative expenses and other
24 obligations of said Corporation shall be incurred, allowed,

1 and paid in accordance with the Home Owners' Loan Act
2 of 1933, as amended (12 U. S. C. 1461-1468).

3 Federal Housing Administration: *Provided*, That in
4 addition to the amounts available by or pursuant to law
5 (which shall be transferred to this authorization) for the
6 administrative expenses of the Federal Housing Admin-
7 istration in carrying out duties imposed by or pursuant to
8 law, not to exceed \$17,624,000 of the various funds of the
9 Federal Housing Administration as follows: (1) The
10 mutual mortgage insurance fund; (2) the housing insur-
11 ance fund; (3) the account in the Treasury comprised of
12 funds derived from premiums collected under authority
13 of section 2 (f), title I of the National Housing Act, as
14 amended (12 U. S. C. 1701); and (4) the war housing
15 insurance fund shall be available for expenditure, in accord-
16 ance with the provisions of said Act for the administrative
17 expenses of the Federal Housing Administration, including,
18 in addition to mileage at a rate not to exceed 4 cents per
19 mile for travel by motor vehicle, reimbursement for the
20 actual cost of ferry fares and bridge, road, and tunnel tolls,
21 and employees engaged in the inspection of property, servic-
22 ing of loans, or the liquidation of delinquent accounts, may
23 be paid an allowance not to exceed 4 cents per mile for
24 all travel performed in privately owned automobiles within

1 the limits of their official posts of duty when such travel is
2 performed in connection with such inspection, servicing, or
3 liquidation; and not to exceed \$1,500 for periodicals and
4 newspapers; not to exceed \$1,500 for contract actuarial serv-
5 ices: *Provided further*, That all necessary expenses of the
6 Administration (including both services performed on a con-
7 tract or fee basis, but not including other personal services)
8 in connection with the acquisition, protection, completion,
9 operation, maintenance, improvement, or disposition of real
10 or personal property of the Administration acquired under
11 authority of titles I, II, and VI of said National Housing
12 Act, shall be considered as nonadministrative expenses for
13 the purposes hereof: *Provided further*, That, except as herein
14 otherwise provided, the administrative expenses and other
15 obligations, including nonadministrative expenses, of the
16 Administration shall be incurred, allowed, and paid in ac-
17 cordance with the provisions of said Act of June 27, 1934,
18 as amended (12 U. S. C. 1701): *Provided further*, That
19 not to exceed \$3,000,000 of the funds (after allowance
20 for salaries and expenses as authorized under the heading,
21 "Salaries and expenses, National Housing Agency, Federal
22 Housing Administration") in the account in the Treasury
23 comprised of premiums collected under authority of section
24 2 (f), title I, of said Act, shall be available for the payment

1 of losses under insurance granted under section 2 and
2 section 6, title I, of said Act.

3 Liquidation of resettlement projects: Not to exceed
4 \$99,500 of the receipts derived from the operation of the
5 projects transferred under paragraphs 4 (g) and 6 of Exec-
6 utive Order 9070 of February 24, 1942 (7 F. R. 1529);
7 shall be available for necessary expenses in connection with
8 and to facilitate disposition of the improved or unimproved
9 lands in the suburban resettlement projects known as Green-
10 belt, Greendale, and Greenhills, pursuant to the provisions
11 of section 5 of the Emergency Relief Appropriation Act
12 of 1935 (49 Stat. 145), including temporary employment
13 of persons or organizations, by contract or otherwise with-
14 out regard to section 3709 of the Revised Statutes and the
15 civil-service and classification laws, for making surveys,
16 plans, and plats, and expenses of additions, alterations, and
17 improvements to streets and utilities.

18 Federal Public Housing Authority: *Provided*, That of
19 the amounts available by or pursuant to law for the adminis-
20 trative expenses of the Federal Public Housing Authority
21 in carrying out duties imposed by or pursuant to law (all
22 of which are hereby merged into a single administrative ex-
23 pense account), not to exceed \$18,000,000 shall be avail-
24 able for such expenses (including not to exceed \$3,882,400

1 of the funds available for administrative expenses for the
2 corporate program) , including temporary employment of per-
3 sons or organizations, by contract or otherwise, for legal or
4 other special services, without regard to section 3709 of
5 the Revised Statutes and the civil-service and classification
6 laws; reimbursement for the actual cost of ferry fares and
7 bridge, road, and tunnel tolls; an allowance of not to ex-
8 ceed 3 cents per mile for official travel in privately owned
9 automobiles by employees within the limits of their official
10 stations; reimbursement at not to exceed 5 cents per mile
11 to personnel serving without compensation from the United
12 States for expenses of travel performed by them in privately
13 owned automobiles away from their designated post of
14 duty; and photographing equipment: *Provided further,*
15 That all necessary expenses of providing representatives of
16 the Authority at the sites of non-Federal projects in con-
17 nection with the construction of such non-Federal projects
18 by public housing agencies with the aid of the Authority,
19 shall be reimbursed or paid by such agencies, and expendi-
20 tures by the Authority for such purpose shall be considered
21 nonadministrative expenses, and funds received from such
22 payments or reimbursements may be used only for the pay-
23 ment of all necessary expenses of providing representatives
24 of the Authority at the sites of non-Federal projects or for

1 administrative expenses of the Authority not in excess of
2 the amount authorized by the Congress.

3 *Liquidation of resettlement projects: Not to exceed*
4 *\$99,500 of the receipts derived from the operation of the*
5 *projects transferred under paragraphs 1 (g) and 6 of Exec-*
6 *utive Order 9070 of February 24, 1942 (7 F. R. 1529),*
7 *shall be available for necessary expenses in connection with*
8 *and to facilitate disposition of the improved or unimproved*
9 *lands in the suburban resettlement projects known as Green-*
10 *belt, Greendale, and Greenhills, pursuant to the provisions*
11 *of section 5 of the Emergency Relief Appropriation Act*
12 *of 1935 (49 Stat. 115), including temporary employment*
13 *of persons or organizations, by contract or otherwise with-*
14 *out regard to section 3709 of the Revised Statutes and the*
15 *civil-service and classification laws, for making surveys,*
16 *plans, and plats, and expenses of additions, alterations, and*
17 *improvements to streets and utilities.*

18 *Defense Homes Corporation: Provided, That not to ex-*
19 *ceed \$75,000 \$98,400 shall be available for administrative*
20 *expenses, which shall be on an accrual basis and which ex-*
21 *penses may include temporary employment of persons or*
22 *organizations, by contract or otherwise, for legal or other*
23 *special services, without regard to section 3709 of the*
24 *Revised Statutes and the civil-service and classification laws;*

1 reimbursement for the cost of ferry fares and bridge, road,
 2 and tunnel tolls; an allowance of not to exceed 3 cents per
 3 mile for official travel in privately owned automobiles by
 4 employees within the limits of their official stations; and
 5 reimbursement at not to exceed 5 cents per mile to per-
 6 sonnel serving without compensation from the United States
 7 for expenses of travel performed by them in privately owned
 8 automobiles away from their official stations: *Provided fur-*
 9 *ther*, That such administrative expenses shall be exclusive
 10 of interest paid, depreciation, properly capitalized expendi-
 11 tures, repayment of loans, property operating expenses (in-
 12 cluding project inventory), charges to surplus and operating
 13 reserve, and cost of sales of commodities, services, and
 14 property.

15 DEPARTMENT OF AGRICULTURE

16 Commodity Credit Corporation: *Provided*, That not to
 17 exceed \$8,000,000 ~~\$8,000,000~~ \$8,760,000 shall be available for adminis-
 18 trative expenses of the Corporation, including not to exceed
 19 \$400 for periodicals, maps, and newspapers, and not to exceed
 20 \$30,000 for penalty mail: *Provided further*, That all neces-
 21 sary expenses (including legal and special services performed
 22 on a contract or fee basis, but not including other personal
 23 services) in connection with the acquisition, operation,
 24 maintenance, improvement, or disposition of any real or
 25 personal property belonging to the Corporation or in which

1 it has an interest, including expenses of collections of pledged
2 collateral, shall be considered as nonadministrative expenses
3 for the purposes hereof: *Provided further*, That none of the
4 fund made available by this paragraph shall be used for
5 administrative expenses connected with the sale of Govern-
6 ment-owned or Government-controlled stocks of farm com-
7 modities at less than parity price as defined by the Agri-
8 cultural Adjustment Act of 1938 or the comparable price
9 as provided by section 4 (a) of the Act of July 1, 1941,
10 as amended (15 U. S. C. 713a-8); and the method that
11 is now used for the purposes of Commodity Credit Cor-
12 poration loans for determining the parity price or its equiva-
13 lent for seven-eighths inch Middling cotton at the average
14 location used in fixing the base loan rate for cotton shall
15 also be used for determining the parity price for seven-
16 eighths inch Middling cotton at such average location for the
17 purposes of this proviso: *Provided further*, That the fore-
18 going shall not apply to the sale or other disposition of any
19 agricultural commodity substantially deteriorated in quality
20 (or in the case of perishable fruits, vegetables, and animal
21 products if there is danger of deterioration or of accumulation
22 of stocks) or sold for the purpose of feeding, or the extrac-
23 tion of peanut oil, or commodities disposed of for export
24 pursuant to section 21 (c) of the Surplus Property Act of
25 1944 (Public Law 457) or commodities sold to farmers

1 for seed or for new or byproduct uses, or commodities sold
 2 for the purpose of establishing claims against persons who
 3 have committed fraud, misrepresentations, or other wrong-
 4 ful acts with respect to such commodities: *Provided further,*
 5 That no wheat or corn shall be sold for feed at a price less
 6 than the parity price of corn at the time such sale is made:
 7 *Provided further,* That in making regional adjustments in
 8 the sale price of corn or wheat the minimum price need not
 9 be higher in any area than the United States average parity
 10 price of corn: *Provided further,* That the Secretary of the
 11 Treasury is hereby authorized and directed to discharge
 12 \$921,456,561 of the indebtedness of the Commodity Credit
 13 Corporation to the Secretary of the Treasury by canceling
 14 notes in such amount issued by the Corporation to the
 15 Secretary of the Treasury pursuant to section 4 of the Act
 16 of March 8, 1938, as amended (15 U. S. C. 713a-4) : *Pro-*
 17 *vided further, That no part of any funds appropriated in*
 18 *this Act for the Commodity Credit Corporation shall be*
 19 *used, during the fiscal year ending June 30, 1947, to make*
 20 *any payments to other than domestic producers, under any*
 21 *subsidy program operation not in effect on the date of enact-*
 22 *ment of this Act.*

23 Federal Crop Insurance Corporation.

24 Federal Surplus Commodities Corporation: *Provided,*
 25 That funds acquired by the Corporation as an agency of the

1 United States, other than funds transferred pursuant to the
2 Act of June 28, 1937 (50 Stat. 323), shall remain avail-
3 able to the Secretary of Agriculture for the purpose of
4 liquidation and dissolution of the Corporation: *Provided,*
5 *however,* That not to exceed \$40,000 of such funds may be
6 expended for administrative expenses during the fiscal year
7 1947.

8 Federal Farm Mortgage Corporation: *Provided,* That
9 not to exceed ~~\$3,750,000~~ \$3,875,000 shall be available for
10 administrative expenses of the Corporation, including em-
11 ployment on a contract or fee basis of persons, firms, and cor-
12 porations for the performance of special services, including
13 legal services; use of the services and facilities of Federal land
14 banks, national farm-loan associations, Federal Reserve banks,
15 and agencies of the Government as authorized by the Act of
16 January 31, 1934 (12 U. S. C. 1020-1020h) : *Provided*
17 *further,* That except for the limitation in amount herein-
18 before specified the administrative expenses and other obliga-
19 tions of the Corporation shall be incurred, allowed, and
20 paid in accordance with the provisions of said Act of Janu-
21 ary 31, 1934, as amended (12 U. S. C. 1016-1020h) .

22 Federal Intermediate Credit Banks: *Provided,* That
23 not to exceed ~~\$1,500,000~~ \$1,688,501 shall be available for
24 administrative expenses.

1 Production Credit Corporations: *Provided*, That not to
2 exceed ~~\$1,600,000~~ \$1,644,912 shall be available for admin-
3 istrative expenses.

4 Regional Agricultural Credit Corporation of Washington,
5 District of Columbia: *Provided*, That not to exceed ~~\$341,000~~
6 \$391,000 shall be available for administrative expenses.

7 DEPARTMENT OF COMMERCE

8 Inland Waterways Corporation: *Provided*, That not to
9 exceed \$624,000 shall be available for administrative ex-
10 penses, including not to exceed \$3,600 for penalty mail:
11 *Provided further*, That no funds shall be used to pay com-
12 pensation of employees, except vessel employees, at rates
13 in excess of rates fixed for similar services under the pro-
14 visions of the Classification Act of 1923, as amended, and the
15 Federal Employees Pay Act of 1945, as amended: *Provided*
16 *further*, That no funds shall be used to pay the compensation
17 of vessel employees at rates in excess of rates prevailing in
18 the maritime industry.

19 Warrior River Terminal Company: *Provided*, That not
20 to exceed \$20,200 shall be available for administrative
21 expenses.

22 DEPARTMENT OF THE INTERIOR

23 Virgin Islands Company: *Provided*, That not to exceed
24 \$20,000 shall be available for administrative expenses.

DEPARTMENT OF JUSTICE

Federal Prison Industries: *Provided*, That not to exceed \$268,826 shall be available for administrative expenses.

DEPARTMENT OF STATE

The Institute of Inter-American Affairs: *Provided*, That not to exceed \$700,000 shall be available for administrative expenses, and not to exceed \$4,000 shall be available for penalty mail.

Institute of Inter-American Transportation: *Provided*, That not to exceed \$50,500 shall be available for administrative expenses and not to exceed \$100 shall be available for penalty mail.

Inter-American Educational Foundation, *Inc.*: *Provided*, That not to exceed \$350,000 shall be available for administrative expenses, and not to exceed \$2,000 shall be available for penalty mail.

Inter-American Navigation Corporation: *Provided*, That not to exceed \$3,200 shall be available for administrative expenses and not to exceed \$50 shall be available for penalty mail.

Prencinradio, Incorporated: *Provided*, That not to exceed \$11,000 shall be available for administrative expenses related to liquidation and not to exceed \$50 shall be available for penalty mail.

1 WAR DEPARTMENT

2 United States Spruce Production Corporation: *Provided*,
3 That not to exceed \$10,000 shall be available for administra-
4 tive expenses until January 1, 1947, and thereafter all admin-
5 istrative duties and responsibilities shall be assumed by such
6 officers and employees of the War Department as the Secre-
7 tary of War may designate and who shall receive no addi-
8 tional compensation for such duties: *Provided further*, That
9 the Secretary of War shall take appropriate steps to secure
10 the final dissolution and liquidation of the said corporation at
11 the earliest practicable date.

12 TITLE III—GENERAL PROVISIONS

13 SEC. 301. Funds made available by this Act for admin-
14 istrative expenses shall be available, in addition to objects
15 for which such funds are otherwise available, for personal
16 services and rent in the District of Columbia or elsewhere;
17 lawbooks, books of reference, periodicals, newspapers, and
18 maps; printing and binding; examination of budgets and
19 estimates of appropriations in the field; contract stenographic
20 reporting services; travel expenses in accordance with the
21 Standardized Government Travel Regulations, the Sub-
22 sistence Expense Act of 1926, as amended (except as to
23 per diem rates outside continental United States), and the
24 Act of February 14, 1931, as amended (5 U. S. C. 73a);
25 and for the objects specified under the head "General pro-

visions" in title II of the Independent Offices Appropriation Act, 1947, all the provisions of which title (except section 211), unless otherwise specified in this Act, shall be applicable to the expenditure of such funds: *Provided*, That the head of any agency may exercise any authority vested in him by said title II through such subordinate or subordinates as he may designate for the purpose.

SEC. 302. No part of any funds of any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building at the seat of government primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 303. Funds of the corporations and agencies covered by the provisions of this Act shall be available for maintenance, operation, and repair of passenger automobiles and, except as otherwise provided herein, shall be available for purchase of passenger automobiles only for replacement of nonserviceable vehicles.

SEC. 304. Any funds of, or available for expenditure by, any corporation or agency included in this Act, which are not subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act (Public Law 248, Seventy-ninth Congress) or other law,

1 shall be accounted for and audited in accordance with the
2 Budget and Accounting Act, as amended, and no such fund
3 shall be obligated or expended unless and until an appropriate
4 appropriation account shall have been established therefor
5 pursuant to an appropriation warrant or a covering warrant:
6 *Provided*, That this section shall not be so construed as to
7 modify or repeal any provision of any other law respecting
8 warranting, accounting for, and auditing of funds.

9 SEC. 305. No part of the funds of, or available for
10 expenditure by, any corporation or agency included in this
11 Act shall be used to pay the salary or wages of any
12 person who engages in a strike against the Government
13 of the United States or who is a member of an organ-
14 ization of Government employees that asserts the right
15 to strike against the Government of the United States, or
16 who advocates, or is a member of an organization that
17 advocates, the overthrow of the Government of the United
18 States by force or violence: *Provided*, That for the purposes
19 hereof an affidavit shall be considered prima facie evidence
20 that the person making the affidavit has not contrary to the
21 provisions of this section engaged in a strike against the
22 Government of the United States, is not a member of an
23 organization of Government employees that asserts the right
24 to strike against the Government of the United States, or
25 that such person does not advocate, and is not a member of

1 an organization that advocates, the overthrow of the Govern-
2 ment of the United States by force or violence: *Provided*
3 *further*, That any person who engages in a strike against
4 the Government of the United States or who is a member
5 of an organization of Government employees that asserts
6 the right to strike against the Government of the United
7 States, or who advocates, or who is a member of an organ-
8 ization that advocates, the overthrow of the Government of
9 the United States by force or violence and accepts employ-
10 ment the salary or wages for which are paid from any funds
11 available to any corporation or agency included in this Act
12 shall be guilty of a felony and, upon conviction, shall be fined
13 not more than \$1,000 or imprisoned for not more than one
14 year, or both: *Provided further*, That the above penalty
15 clause shall be in addition to, and not in substitution for,
16 any other provisions of existing laws.

17 SEC. 306. This Act may be cited as the "Government
18 Corporations Appropriations Act, 1947".

Passed the House of Representatives June 13, 1946.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

79TH CONGRESS
2D Session

H. R. 6777

[Report No. 1617]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

JUNE 14 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on
Appropriations

JUNE 27 (legislative day, MARCH 5), 1946

Reported with amendments

79TH CONGRESS
2D SESSION

H. R. 6777

IN THE SENATE OF THE UNITED STATES

JUNE 27 (legislative day, MARCH 5), 1946

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McKELLAR to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, viz: On page 28, after line 2, insert the following:

- 1 SEC. 306. In order to meet emergencies or contingencies
- 2 arising subsequent to approval of the Budget and not pro-
- 3 vided for in the Budget program, a corporation or agency
- 4 covered by the provisions of this Act may, with the approval
- 5 of the President, adjust its budget program to provide, within
- 6 the limits of available funds and borrowing authority, for the
- 7 immediate initiation of programs authorized by law and not
- 8 specifically set forth in the Budget: *Provided*, That the new

1 program shall be promptly transmitted to the Congress as
2 an amendment to the Budget: *Provided further*, That nothing
3 in this section shall be construed as authority for increasing
4 the amount available for administrative expenses under any
5 limitation on such expenses.

79TH CONGRESS
2d Session

H. R. 6777

AMENDMENT

Intended to be proposed by Mr. McKellar to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

JUNE 27 (legislative day, MARCH 5), 1946

Ordered to lie on the table and to be printed

Mr. COMBS: Committee on Claims. S. 1952. An act for the relief of the legal guardian of Arlis Earl Teekell; without amendment (Rept. No. 2376). Referred to the Committee of the Whole House.

Mr. COMBS: Committee on Claims. S. 1912. An act for the relief of Brig. Gen. Carl H. Seals; without amendment (Rept. No. 2377). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1965. An act for the relief of the estate of C. Benjamin Stapleton; without amendment (Rept. No. 2378). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. S. 2015. An act for the relief of William H. Morris; without amendment (Rept. No. 2379). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2107. An act for the relief of certain postal employees; without amendment (Rept. No. 2380). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. S. 2292. An act for the relief of the Miami Herald, the Key West Citizen, and the Miami Daily News; without amendment (Rept. No. 2381). Referred to the Committee of the Whole House.

Mr. MORRISON: Committee on Claims. H. R. 2222. A bill for the relief of J. L. Harris; with amendments (Rept. No. 2382). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 3043. A bill for the relief of Wilma E. Baker; with amendment (Rept. No. 2383). Referred to the Committee of the Whole House.

Mr. COMBS: Committee on Claims. H. R. 3742. A bill for the relief of Kay Tomlinson and Larry Max Tomlinson; with amendments (Rept. No. 2384). Referred to the Committee of the Whole House.

Mr. COMBS: Committee on Claims. H. R. 4406. A bill for the relief of Loyal F. Willis; with amendments (Rept. No. 2385). Referred to the Committee of the Whole House.

Mr. FERNANDEZ: Committee on Claims. H. R. 1268. A bill for the relief of Baxter Campbell and Glestie Campbell Jones; with amendments (Rept. No. 2387). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 1349. A bill for the relief of Hempstead Warehouse Corp.; with amendments (Rept. No. 2388). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 5368. A bill for the relief of W. G. Magruder; without amendment (Rept. No. 2389). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 6472. A bill for the relief of John E. Peterson, James M. Hiler, Vivian Langemo, Floy Sibley, and Ross Lee Brown; without amendment (Rept. No. 2390). Referred to the Committee of the Whole House.

Mr. RAMEY: Committee on Claims. H. R. 6593. A bill for the relief of Milton A. Johnson and for other purposes; without amendment (Rept. No. 2391). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUMNERS of Texas:

H. R. 6894. A bill providing for State control of housing accommodation rents in certain areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. FULLER:

H. R. 6895. A bill to preserve historic graveyards in abandoned military posts; to the Committee on Military Affairs.

By Mr. DEWART:

H. R. 6896. A bill to grant to the city of Miles City, State of Montana, certain land in Custer County, Mont., for industrial and recreational purposes and as a museum site; to the Committee on the Public Lands.

By Mr. PATTERSON of California:

H. R. 6897. A bill to suppress the evil of anti-Semitism and hatred of members of any race or religion because of race, creed, or color; to the Committee on the Judiciary.

By Mr. SIKES:

H. R. 6898. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, so as to provide for refunds of deductions from the basic salary, pay, or compensation of certain temporary employees; to the Committee on the Civil Service.

By Mr. WILSON:

H. R. 6899. A bill to authorize the Indiana State Toll Bridge Commission to construct, maintain, and operate a toll bridge, or a free bridge, across the Ohio River at or near Lawrenceburg, Dearborn County, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCKLEY:

H. R. 6900. A bill to grant increased service pensions in certain Spanish-American War cases not included in recent legislation providing increases to other Spanish-American War veterans and their dependents, and for other purposes; to the Committee on Pensions.

By Mr. PICKETT:

H. R. 6901. A bill to amend paragraph IV of Veterans Regulation No. 6 (a), as amended; to the Committee on World War Veterans' Legislation.

By Mr. HARLESS:

H. R. 6902. A bill to provide for the establishment of a national system of air-markings for the facilitation, encouragement, and safety of aviation; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK:

H. R. 6903. A bill to provide benefits for certain employees of the United States who are veterans of World War II and lost opportunity for probational civil-service appointments by reason of their service in the armed forces of the United States; to the Committee on the Civil Service.

By Mr. McMILLAN of South Carolina:

H. R. 6904. A bill authorizing the appointment of three additional judges of the municipal court for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. GORDON:

H. Res. 681. Resolution authorizing that there be printed for the use of the Committee on Foreign Affairs of the House of Representatives additional copies of a report prepared by Subcommittee No. 2 of the Com-

mittee on Foreign Affairs; to the Committee on Printing.

By Mr. OUTLAND:

H. Res. 684. Resolution making H. R. 3914 a bill to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes, a special order of business; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM:

H. R. 6905. A bill for the relief of Andre Lan; to the Committee on Immigration and Naturalization.

By Mrs. LUCE:

H. R. 6906. A bill for the relief of Senzo Usui; to the Committee on Immigration and Naturalization.

By Mr. RANKIN:

H. R. 6907. A bill for the relief of W. B. Hussey and J. O. Hussey; to the Committee on Claims.

By Mr. TALBOT:

H. R. 6908. A bill for the relief of Rev. William R. McCarthy; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2037. By Mr. GRAHAM: Petition of 103 operating and nonoperating railroad employees of New Castle, Pa., and vicinity, urging an amendment to House bill 1737, the railroad retirement bill; to the Committee on Interstate and Foreign Commerce.

2038. By Mr. HANCOCK: Petition of C. M. Bedell, Jr., and other residents of Onondaga County, N. Y., in opposition to any legislation or restrictions which may bring about partial or national prohibition; to the Committee on the Judiciary.

2039. By Mr. LUTHER A. JOHNSON: Petition of the American Legion, Department of Texas, opposing H. R. 2346, granting members of the merchant marine similar rights and privileges as given veterans of the armed forces; to the Committee on Rules.

2040. By Mr. PLOESER: Resolution No. 382, adopted by the House of Representatives, State of Missouri, June 12, 1946: The Congress and the United States engineers establish a policy of adjustment, compensation, and replacement to persons in Missouri regarding property destroyed in connection with the construction of a dam on the White River near Bull Shoals in the State of Arkansas; to the Committee on Claims.

2041. By Mr. SMITH of Wisconsin: Petition of Reserve Officers Association of the United States, at convention in Chicago May 31 to June 3, re disability compensation for members of the Reserve components of the armed forces; to the Committee on World War Veterans' Legislation.

2042. By The SPEAKER: Petition of the Colorado State Federation of Labor, petitioning consideration of their resolution with reference to request for extension of price control, without crippling amendments; to the Committee on Banking and Currency.

Senate

THURSDAY, JUNE 27, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Spirit, whom to find is like exchanging a windowless cell for the blue depths of the sky, for the stretch of the infinite sea, for a serene garden with its sacrament of fragrance and color, escaping from the narrow prejudices and inflamed passions of this embittered day, enable us to think with justice, truth, and reverence concerning the common interests of this troubled world. Teach us the saving secret of being anxious for nothing; and when we have honestly given our best to the solution of problems that now vex the earth plowed with the tragic furrows of war, may we leave the result to Thy wisdom with no fear in our hearts save only that of failing Thee and, at the last, of being found unworthy of Thy "Well done." In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 26, 1946, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 26, 1946, the President had approved and signed the following acts:

S. 1288. An act to authorize the course of instruction at the United States Military Academy to be given to not exceeding 20 persons at a time from the American Republics, other than the United States;

S. 1460. An act to fix the salary of the Solicitor of the Department of the Interior;

S. 1963. An act to authorize additional permanent professors of the United States Military Academy; and

S. 2218. An act to amend the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on June 26, 1946, he presented to the President of the United States the following enrolled bills:

S. 893. An act to amend the act entitled "An act to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended," approved January 24, 1942, and for other purposes; and

S. 2122. An act to facilitate the admission into the United States of the alien fiancées or fiancés of members of the armed forces of the United States.

SUPPLEMENTARY REPORT ON PATENTS, PROCESSES, TECHNIQUES, AND IN- VENTIONS

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator of the War Assets Administration, transmitting, pursuant to section 19 of the Surplus Property Act of 1944, the first supplementary report of that Administration on patents, processes, techniques, and inventions, which, with an accompanying report, was referred to the Committee on Military Affairs.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Philippine Scouts Veterans' Legion, Manila, P. I., favoring the enactment of legislation providing the same basic pay for the Philippine Scouts as that received by the American soldier according to their respective ranks, etc.; to the Committee on Military Affairs.

A radiogram in the nature of a petition signed by Senator Ver, president of the National Party, Judge Barrera, president, Democratic Alliance, and Dr. Javier, president of the Popular Front Party, Manila, P. I., favoring the enactment of the Knutson bill disassociating the rehabilitation act from the Bell trade law; to the Committee on Territories and Insular Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCABRAN, from the Committee on Irrigation and Reclamation:

H. R. 5654. A bill to provide basic authority for the performance of certain functions and activities of the Bureau of Reclamation; without amendment (Rept. No. 1589).

By Mr. THOMAS of Oklahoma, from the Committee on Appropriations:

H. R. 6837. A bill making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes; with amendments (Rept. No. 1590).

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 6428. A bill making appropriations for the Coast Guard, Treasury Department, for the fiscal year ending June 30, 1947, and for other purposes; with amendments (Rept. No. 1616); and

H. R. 6777. A bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes; with amendments (Rept. No. 1617).

By Mr. JOHNSTON of South Carolina, from the Committee on Claims:

H. R. 4458. A bill for the relief of Rosella J. Masters; without amendment (Rept. No. 1591).

By Mr. HUFFMAN, from the Committee on Claims:

H. R. 1754. A bill for the relief of Edwin Doyle Parrish; with an amendment (Rept. No. 1592).

By Mr. WHERRY, from the Committee on Claims:

H. R. 3988. A bill for the relief of Decatur County in the State of Indiana; without amendment (Rept. No. 1593); and

By Mr. HOEY, from the Committee on the District of Columbia:

H. R. 6516. A bill to increase the salaries of the Metropolitan Police, the United States Park Police, the White House Police, and the members of the Fire Department of the District of Columbia; without amendment (Rept. No. 1618).

By Mr. McMAHON, from the Committee on Claims:

H. R. 1322. A bill for the relief of the Marine Engine Works & Shipbuilding Corp., of Tarpon Springs, Fla.; without amendment (Rept. No. 1594);

H. R. 1480. A bill for the relief of the S. G. Leoffler Operating Co., of Washington, D. C., and for other purposes; without amendment (Rept. No. 1595);

H. R. 4577. A bill for the relief of Dolores Joyce; without amendment (Rept. No. 1596);

H. R. 4917. A bill for the relief of the Western Union Telegraph Co.; without amendment (Rept. No. 1597); and

H. R. 5352. A bill for the relief of Joseph Ippolito; without amendment (Rept. No. 1598).

By Mr. MORSE, from the Committee on Claims:

H. R. 1850. A bill for the relief of Louise Zerweck; without amendment (Rept. No. 1599); and

H. R. 6442. A bill for the relief of Mrs. Elizabeth J. Patterson, Joy Patterson, and Roberta Patterson; without amendment (Rept. No. 1600).

By Mr. WILSON, from the Committee on Claims:

H. R. 3484. A bill for the relief of the Poultry Producers of Central California; without amendment (Rept. No. 1601); and

H. R. 4466. A bill for the relief of Francis T. Lillie and Lois E. Lillie; without amendment (Rept. No. 1602).

By Mr. WILEY, from the Committee on Claims:

H. R. 2243. A bill for the relief of Arthur A. Guarino; without amendment (Rept. No. 1603);

H. R. 3341. A bill for the relief of J. E. and Minerva Mitchell, and Rosie Monroe; without amendment (Rept. No. 1604);

H. R. 3360. A bill for the relief of Mrs. W. H. (Agnes) Holmes; without amendment (Rept. No. 1605);

H. R. 3400. A bill for the relief of Herbert W. Rogers; without amendment (Rept. No. 1606); and

H. R. 4090. A bill for the relief of Roy Hesselmeier; without amendment (Rept. No. 1607).

By Mr. O'DANIEL, from the Committee on Claims:

S. 1549. A bill for the relief of Duane N. Thompson, a minor; with amendments (Rept. No. 1608);

S. 1573. A bill for the relief of James H. Wilkinson; with amendments (Rept. No. 1609);

S. 1910. A bill for the relief of George D. King; with amendments (Rept. No. 1610);

H. R. 247. A bill for the relief of E. D. Williams; without amendment (Rept. No. 1611);

H. R. 2287. A bill for the relief of Susan S. Wiseman; without amendment (Rept. No. 1612); and

H. R. 4673. A bill for the relief of Mrs. Minnie Jenkins Ward; without amendment (Rept. No. 1613).

By Mr. O'DANIEL (for Mr. EASTLAND), from the Committee on Claims:

H. R. 1151. A bill for the relief of James Lemuel Muzzall and James M. Muzzall; with an amendment (Rept. No. 1614); and

H. R. 2962. A bill for the relief of Justin P. Hopkins; without amendment (Rept. No. 1615).

By Mr. HOEY, from the Committee on the District of Columbia:

H. R. 5933. A bill to authorize and direct the Board of Education of the District of Columbia to establish and operate in the public schools and other suitable locations a system of nurseries and nursery schools for day care of school-age and under-school-age children, and for other purposes; with amendments.

PERSONS EMPLOYED BY COMMITTEES WHO ARE NOT FULL-TIME SENATE OR COMMITTEE EMPLOYEES

The PRESIDENT pro tempore laid before the Senate a report for the months

SENATE MILITARY AFFAIRS COMMITTEE, SUBCOMMITTEE ON WAR MOBILIZATION

To the Senate:

The above-mentioned committee hereby submits the following report showing the names of persons employed by the committee who are not full-time employees of the Sen-

of April, May, and June, 1946, from the chairman of a certain committee, in response to Senate Resolution 319 (78th Cong.), relative to persons employed by committees who are not full-time employees of the Senate or any committee thereof, which was ordered to lie on the table and to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
SUBCOMMITTEE ON WAR MOBILIZATION.

Mr. LESLIE BIFFLE,
Secretary of the Senate, United States Capitol, Washington, D. C.

DEAR MR. BIFFLE: It has been suggested to me that despite the passage of Senate Resolution 201 of the Seventy-ninth Congress requiring reimbursement for all personnel borrowed from the executive agencies, Senate Resolution 319 of the Seventy-eighth Congress is also still operative. Accordingly, I am transmitting a report covering the months of April, May, and June.

Sincerely yours,

H. M. KILGORE,
Chairman.

ate or of the committee for the months of April, May, June, 1946, in compliance with the terms of S. Res. 319, agreed to Aug. 23, 1944:

Name of individual	Address	Name and address of department or organization by whom paid	Annual rate of compensation
Schimmel, Herbert.....	3604 Minnesota Ave. SE., Washington, D. C.	Office of War Mobilization and Reconversion, Washington, D. C.	\$9,012.50
Oleksy, Elizabeth H.....	1620 Fuller St. NW., Washington, D. C.	do.....	3,090.00

H. M. KILGORE, *Chairman.*

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BUSHFIELD:

S. 2377. A bill to confer jurisdiction on the States of North Dakota and South Dakota over offenses committed by or against Indians on the Standing Rock Indian Reservation; to the Committee on Indian Affairs.

By Mr. McCARRAN:

S. 2378. A bill to amend the First War Powers Act, 1941; to the Committee on the Judiciary.

S. 2379. A bill for the relief of Ellen Hudson, as administratrix of the estate of Walter R. Hudson; to the Committee on Claims.

By Mr. BURCH:

S. 2380. A bill to clarify the rights of former owners of real property to reacquire such property under the Surplus Property Act of 1944; to the Committee on Military Affairs.

(Mr. KNOWLAND introduced Senate bill (S. 2381) to amend the Federal Unemployment Tax Act and the Social Security Act so as to authorize any State to use amounts contributed by employees to the unemployment fund of such State to pay cash benefits to individuals with respect to their unemployment by reason of their disability, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. HOEY:

S. 2382. A bill authorizing and directing the Commissioners of the District of Columbia to construct two four-lane bridges to replace the existing Fourteenth Street or Highway Bridge across the Potomac River,

and for other purposes; to the Committee on the District of Columbia.

WATER RESOURCES OF THE CENTRAL VALLEY PROJECT, CALIFORNIA

Mr. DOWNEY submitted the following resolution (S. Res. 294), which was referred to the Committee on Irrigation and Reclamation:

Resolved, That the Committee on Irrigation and Reclamation, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation with respect to the terms and conditions of contracts offered by the Department of the Interior for the disposition of the water resources of the Central Valley project of California, including, but not limited to, (a) the basis of the water rights claimed by said Department; (b) the character of the water rights offered by the Department to water users' organizations; (c) the control asserted or possessed by the Department with respect to both surface and underground waters; (d) the collection and application of taxes, assessments, and other revenues; (e) the provisions for limitation of acreage in single ownerships which may be served under said contracts; (f) the specific legal authority for said contracts and the several provisions thereof; (g) any other factors relating to the proper utilization and disposition of the water resources of the Central Valley project, and the policies of the Department of the Interior with reference thereto.

The committee shall report to the Senate at the earliest practicable date the results of its study and investigation, together with

such recommendations as it may deem desirable concerning additional legislation.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-ninth Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee under this resolution, which shall not exceed \$, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

FLOOD CONTROL ON RIVERS AND HARBORS—AMENDMENT

Mr. BYRD submitted an amendment intended to be proposed by him to the bill (H. R. 6597) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

FOURTH DEFICIENCY APPROPRIATIONS—AMENDMENT

Mr. GOSSETT submitted an amendment intended to be proposed by him to the bill (H. R. 6885) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, to provide appropriations for the fiscal year ending June 30, 1947, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place, insert the following: "Bureau of Reclamation, Boise Project, Idaho, Anderson Ranch: For an additional amount for construction, \$1,612,525, from the reclamation fund, special fund, to remain available until expended."

ADDRESS BY SENATOR STANFILL AT ROTARY INTERNATIONAL CONVENTION, NEWPORT, KY.

[Mr. STANFILL asked and obtained leave to have printed in the RECORD an address delivered by him at a convention of Rotary International held at Newport, Ky., which appears in the Appendix.]

DEDICATION OF OLYMPIC NATIONAL PARK—ADDRESS BY SECRETARY OF INTERIOR KRUG

[Mr. MITCHELL asked and obtained leave to have printed in the RECORD the address delivered by Secretary of the Interior Krug at the dedication of the Olympic National Park, at Lake Crescent, Wash., and his introduction of the Secretary, which appear in the Appendix.]

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hart	Myers
Andrews	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Barkley	Hill	Overton
Bridges	Hoey	Pepper
Brooks	Huffman	Reed
Buck	Johnson, Colo.	Robertson
Burch	Johnston, S. C.	Russell
Bushfield	Kilgore	Smith
Byrd	Knowland	Stanfill
Capehart	La Follette	Stewart
Capper	Lucas	Swift
Carville	McCafran	Taft
Chavez	McClellan	Taylor
Donnell	McKellar	Thomas, Okla.
Downey	McMahon	Tobey
Ferguson	Magnuson	Tunnell
Fulbright	Mead	Wagner
George	Millikin	Walsh
Gerry	Mitchell	Wherry
Gossett	Moore	White
Green	Morse	Wiley
Guffey	Murdock	Willis
Gurney	Murray	Wilson

Mr. HILL. I announce that the Senator from North Carolina [Mr. BAILEY] is absent because of illness.

The Senator from Missouri [Mr. BRIGGS], the Senator from Utah [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from South Carolina [Mr. MAYBANK] is necessarily absent.

The Senators from Mississippi [Mr. BILBO and Mr. EASTLAND], the Senator from Arizona [Mr. McFARLAND], and the Senator from Maryland [Mr. RADCLIFFE] are detained on public business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Oregon [Mr. CORDON] is absent by leave of the Senate, being a member of a committee designated by the Senate to attend the atomic bombing of Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Maine [Mr. BREWSTER] and the Senator from Nebraska [Mr. BUTLER] are absent on official business, being members of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Vermont [Mr. AUSTIN], the Senator from North Dakota [Mr.

LANGER], the Senator from Minnesota [Mr. SHIPSTEAD], and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from West Virginia [Mr. REVERCOMB] is absent by leave of the Senate because of a death in his family.

The PRESIDING OFFICER (Mr. DOWNNEY in the chair). Seventy-two Senators have answered to their names. A quorum is present.

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT

Mr. McKELLAR submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6777) making appropriations for Government corporation and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, the following amendment, namely: On page 28, after line 2, insert the following:

"SEC. 306. In order to meet emergencies or contingencies arising subsequent to approval of the Budget and not provided for in the Budget program, a corporation or agency covered by the provisions of this act may, with the approval of the President, adjust its budget program to provide, within the limits of available funds and borrowing authority, for the immediate initiation of programs authorized by law and not specifically set forth in the Budget: *Provided*, That the new program shall be promptly transmitted to the Congress as an amendment to the Budget: *Provided further*, That nothing in this section shall be construed as authority for increasing the amount available for administrative expenses under any limitation on such expenses."

Mr. McKELLAR also submitted an amendment intended to be proposed by him to House bill 6777, making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, which was ordered to lie on the table and to be printed.

(For the text of amendment referred to, see the foregoing notice.)

NAVAL ASSISTANCE TO THE REPUBLIC OF CHINA—CONFERENCE REPORT

Mr. WALSH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5356) to provide assistance to the Republic of China in augmenting and maintaining a Naval Establishment, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4 and 5.

Amendments numbered 1 and 2: That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same with an amendment as follows: Strike out all of section 1 and insert in lieu thereof the following:

"That notwithstanding the provisions of any other law, the President is authorized, whenever in his discretion the public interests render such a course advisable, or will assist in relieving United States forces of duty in China or putting the Government of the Republic of China in better position to protect or improve the safety of navigation in its waters, to provide to the Republic of

China such naval services, training, plans, and technical advice as he may deem proper; and to dispose of naval vessels and craft not to exceed two hundred and seventy-one vessels and craft under authority of this Act, which are in excess of the naval needs of the United States, floating drydocks of capacity sufficient to accommodate any vessel or craft disposed of under authority of this Act, and material necessary for the operation and maintenance of the vessels and craft disposed of under authority of this Act and for the training of the crews of such vessels and craft, to the Republic of China by sale, exchange, lease, gift, or transfer for cash, credit, or other property, with or without warranty, or upon such other terms and conditions as he may deem proper: *Provided*, That prior to the disposition under the authority of this Act of any battleship, aircraft carrier of any type, cruiser, destroyer (but not destroyer escort), or submarine the President shall first obtain the authority of the Congress in each instance: *Provided further*, That no information; plans, advice, material, documents, blueprints, or other papers, bearing a secret or top-secret classification shall be disposed of or transferred under authority of this Act."

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: Strike out all of section 2 and insert in lieu thereof the following:

"The President is authorized, upon application from the Republic of China, and whenever in his discretion the public interests render such a course advisable, to detail not to exceed one hundred officers and two hundred enlisted men of the United States Navy and Marine Corps to assist the Republic of China in naval matters: *Provided*, That United States naval or Marine Corps personnel shall not accompany Chinese troops, aircraft, or ships on other than training maneuvers or cruises: *Provided further*, That the Secretary of Navy is authorized to pay to such persons such additional compensation as may be necessary to make appropriate adjustment for increased cost of living occasioned by reason of detail to such duty: *And provided further*, That while so detailed such officers and enlisted men shall receive the pay and allowances thereunto entitled in the United States Navy or Marine Corps and shall be allowed the same credit for longevity, retirement, and for all other purposes that they would receive if they were serving with the forces of the United States."

And the Senate agree to the same.

DAVID I. WALSH,
MILLARD E. TYDINGS,
CHARLES W. TOBEY,

Managers on the Part of the Senate.

PATRICK H. DREWRY,
LYNDON B. JOHNSON,
W. STERLING COLE,

Managers on the Part of the House.

Mr. WALSH. Mr. President, I ask unanimous consent for the present consideration of the conference report.

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). Is there objection to the request of the Senator from Massachusetts?

There being no objection, the conference report was considered and agreed to.

APPROPRIATIONS FOR THE TREASURY AND POST OFFICE DEPARTMENTS—SUBSTITUTION OF A CONFERE

Mr. McKELLAR. Mr. President, because of the fact that the Senator from Maryland [Mr. TYDINGS] is absent from



DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued July 1, 1946
For actions of June 28 & 29, 1946
79th-2nd, Nos. 126 and 127

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HIGHLIGHTS: House received and sustained President's veto message on price-control bill; Rules Committee cleared measure to continue OPA until July 20. Senate passed Government corporations appropriation bill. Senate passed Cooley farm-credit bill. House passed third deficiency appropriation bill. House rejected President's reorganization plans. Both houses agreed to conference report on bill to continue priorities powers; President approved it. Senate passed Labor-Federal Security appropriation bill with item for food-conservation program. House Agriculture Committee reported bill to authorize continuation of farm-labor program. President approved selective-service continuation bill. Senate passed bill to continue Land Bank Commissioner loans. Senate passed bill to authorize FFMC to purchase GI loans.

SENATE - June 28

1. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Began debate on this bill, H. R. 6777 (pp. 7995-9).

Debated an amendment by Sen. McKellar, presented at the direction of the Committee, to provide that, to meet emergencies or contingencies arising after approval of the budget, a corporation or agency covered by the bill may, with Presidential approval, adjust its budget program to provide, within the limits of available funds and borrowing authority, for immediate initiation of programs authorized by law and not specifically set forth in the budget (pp. 7996-9). Sen. Russell and others spoke in favor of the amendment, and Sen. Taft and others spoke against it; the amendment was then ruled out of order.

As reported by the Senate committee, the bill contains the following amounts for corporations under the supervision of the Department of Agriculture:

Federal Crop Insurance Corporation, direct appropriation, \$7,880,000 (House figure, \$6,800,000; Budget estimate, \$7,880,000).

Commodity Credit Corporation, \$8,760,000 (House figure, \$8,000,000; Budget estimate, \$8,760,000).

Federal Farm Mortgage Corporation, \$3,875,000 (House figure, \$3,750,000; Budget estimate, \$4,000,000).

Federal Intermediate Credit Banks, \$1,688,501 (House figure, \$1,500,000; Budget estimate, \$1,688,501).

Production Credit Corporations, \$1,644,912 (House figure, \$1,600,000; Budget estimate, \$1,736,993).

Regional Agricultural Credit Corporation of Washington, D. C., \$391,000 (House figure, \$341,000; Budget estimate, \$441,000).

The \$40,000 provided in the Budget estimate and House bill for final liquidation expenses of the Federal Surplus Commodities Corporation was eliminated. The committee eliminated the third, fourth, fifth, and sixth provisos which had been inserted in the language for CCC by the House, as similar restrictions are contained in the act of April 12, 1945, Public Law 30, 79th Congress (which provided for continuation of CCC as an agency of the U. S. until June 30, 1947), and inserted the following new proviso: "Provided further, That no part of any funds appropriated in this act for the Commodity Credit Corporation shall be used, during the fiscal year ending June 30, 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of this act."

2. PRICE CONTROL. Agreed, 47-23, to the conference report on H. R. 6042, to amend and extend the Price Control and Stabilization Acts (pp. 7903-88). This bill was then sent to the President.
3. WAR POWERS. Both Houses agreed to the conference report on H. R. 5716, to continue certain provisions of the Second War Powers Act, including priorities powers (7989-8046). This bill was then sent to the President.
4. COOLEY FARM-CREDIT BILL. Sen. Russell asked for consideration of this bill, H. R. 5991, but Sen. Wherry objected, stating that farm organizations tell him they did not have an opportunity to testify at the hearings (pp. 8000-1).
5. WAR DEPARTMENT MILITARY APPROPRIATION BILL. Passed with amendments this bill, H. R. 6837 (pp. 7989, 7992-5). Senate conferees were appointed (p. 7995).
6. D. C. APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 5990, and appointed conferees for a further conference (pp. 7991-2).
7. LABOR-FEDERAL SECURITY APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 6739 (S. Rept. 1619)(p. 7902). The committee increased the appropriation items for the Food and Drug Administration by \$614,117.
8. FLOOD CONTROL. The Commerce Committee reported with amendments H. R. 6597, the omnibus flood-control bill (S. Rept. 1624)(p. 7902).
9. RESEARCH. The Naval Affairs Committee reported with amendments H. R. 5911, to establish an Office of Naval Research in the Navy Department (S. Rept. 1628) (p. 7902).
10. TRADE-MARKS. Agreed to the conference report on H. R. 1654, to provide for registration of trade-marks used in commerce (pp. 7989-91). This bill will now be sent to the President.
11. BANKRUPTCY. The Judiciary Committee reported without amendment H. R. 6682, to amend sections 81-3, and repeal section 84, of the Bankruptcy Act (S. Rept. 1633)(p. 7902).
12. CLAIMS APPROPRIATIONS. Received from the President supplemental appropriations as follows: Claims for damages to private property (S. Doc. 227), claims allowed by GAO (S. Docs. 223, 225, and 224), judgments rendered by Court of

The next amendment was, on page 67, after line 7, to insert the following new section:

SEC. 20. None of the funds appropriated in this act for the War Department and the Military Establishment for the fiscal year ending June 30, 1947, other than funds for which reimbursement is made hereunder, shall be available for any expenses (including the pay, allowances, and subsistence of military personnel) for care, upkeep, repair, handling, and assistance in the sale of any property, material, or equipment subsequent to the date of a declaration of surplus covering such property to a disposal agency, or, if procedures are prescribed whereby declarations of surplus are made at approximately the time of disposal or removal, subsequent to the date of notice by the owning agency to the disposal agency that property has been determined to be surplus and is subject to such procedures. With respect to all such expenses, disposal agencies shall provide reimbursement to the War Department, for credit to the appropriations from which such expenses would be normally paid: *Provided*, That advance payments based on the estimated expenses of the War Department may be made by any disposal agency: *Provided further*, That in lieu of ascertaining the direct expenses and the applicable portion of the indirect expenses, the War Department and the disposal agencies may agree on any basis for determining such expenses as will equitably accomplish the purpose of this section.

The amendment was agreed to.

The next amendment was, on page 68, after line 6, to insert the following new section:

SEC. 21. Not to exceed 10 percent of any of the appropriations for the Military Establishment for the fiscal year 1947 may be transferred with the approval of the Bureau of the Budget to any other of such appropriations, but no appropriation shall be increased more than 10 percent thereby.

The amendment was agreed to.

The next amendment was, on page 68, line 13, to change the section number from 20 to 22.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

The bill is open to further amendment.

Mr. HART. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 27, in line 10, it is proposed to strike out the period and insert the following: "*Provided*, That none of the funds appropriated to the Air Corps be expended in research in or procurement of rockets or guided missiles which come under the normal cognizance of the Ordnance Department."

Mr. THOMAS of Oklahoma. Mr. President, this amendment was not presented to the committee; hence, it could not be considered there.

As chairman of the committee, I have no information regarding what effect the amendment will have upon the bill. Inasmuch as we have had only a short time to consider the bill, I am perfectly willing to accept the amendment and take it to conference. In the meantime we can look into it, and the conferees can pass upon it.

The PRESIDING OFFICER. The question is on agreeing to the amendment

of the Senator from Connecticut [Mr. HART].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 6837) was passed.

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. THOMAS of Utah, Mr. GURNEY, Mr. BROOKS, and Mr. REED conferees on the part of the Senate.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT AGENCIES, 1947

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 6777, making appropriations for Government corporations and independent establishments for the fiscal year ending June 30, 1947.

I shall not make a statement about the bill, but if there are questions regarding any amendment which has been proposed or if there are questions which Senators wish to ask in regard to other matters, I shall attempt to answer them to the best of my ability.

So, Mr. President, I have made the motion.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that committee amendments be first considered.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will proceed to state the amendments reported by the committee.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Tennessee Valley Authority," on page 2, line 2, after the name "Watauga Dam", to insert "and beginning construction of a fertilizer manufacturing plant at or near Mobile, Ala."; in line 13, before the word "together", to strike out "\$25,906,000" and insert "\$46,572,000"; and in line 16, after the word "appropriations", to insert a colon and the following proviso: "*Provided*, That of the \$46,572,000 appropriated herein, \$17,666,000 shall be available for the immediate resumption

of construction and continued prosecution of the work on the Watauga and South Holston Dams with a view to the completion of the work on both dams at the earliest possible date and \$3,000,000 toward the construction of a fertilizer manufacturing plant at or near Mobile, Ala."

The amendment was agreed to.

The next amendment was, under the subhead "Department of Agriculture—Federal Crop Insurance Corporation," on page 4, line 4, after the word "expenses", to strike out "\$6,800,000" and insert "\$7,880,000."

The amendment was agreed to.

The next amendment was, under the heading "Title II—Independent agencies and corporations," on page 6, line 1, before the word "shall", to strike out "\$500,000" and insert "\$525,000."

The amendment was agreed to.

The next amendment was, under the subhead "Federal Loan Agency," on page 6, line 19, after the word "exceed", to strike out "\$33,553,000" and insert "\$35,553,000."

The amendment was agreed to.

The next amendment was, under the subhead "National Housing Agency," on page 11, line 17, after the words "total of", to strike out "\$1,400,000" and insert "\$1,501,000."

The amendment was agreed to.

The next amendment was, on page 14, line 8, after the word "exceed", to strike out "\$4,500,000" and insert "\$5,000,000."

The amendment was agreed to.

The next amendment was, on page 17, after line 2, to strike out:

Liquidation of resettlement projects: Not to exceed \$99,500 of the receipts derived from the operation of the projects transferred under paragraphs 1 (g) and 6 of Executive Order 9070 of February 24, 1942 (7 F. R. 1529), shall be available for necessary expenses in connection with and to facilitate disposition of the improved or unimproved lands in the suburban resettlement projects known as Greenbelt, Greendale, and Greenhills, pursuant to the provisions of section 5 of the Emergency Relief Appropriation Act of 1935 (49 Stat. 115), including temporary employment of persons or organizations, by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws, for making surveys, plans, and plats, and expenses of additions, alterations, and improvements to streets and utilities.

The amendment was agreed to.

The next amendment was, on page 19, after line 2, to insert:

Liquidation of resettlement projects: Not to exceed \$99,500 of the receipts derived from the operation of the projects transferred under paragraphs 1 (g) and 6 of Executive Order 9070 of February 24, 1942 (7 F. R. 1529), shall be available for necessary expenses in connection with and to facilitate disposition of the improved or unimproved lands in the suburban resettlement projects known as Greenbelt, Greendale, and Greenhills, pursuant to the provisions of section 5 of the Emergency Relief Appropriation Act of 1935 (49 Stat. 115), including temporary employment of persons or organizations, by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws, for making surveys, plans, and plats, and expenses of additions, alterations, and improvements to streets and utilities.

The amendment was agreed to.

The next amendment was, on page 19, line 19, after the word "exceed", to strike out "\$75,000" and insert "\$98,400."

The amendment was agreed to.

The next amendment was, under the subhead "Department of Agriculture," on page 20, line 17, after the word "exceed", to strike out "\$8,000,000" and insert "\$8,760,000"; on page 21, line 3, after the word "hereof", to strike out the colon and the following additional proviso: "Provided further, That none of the fund made available by this paragraph shall be used for administrative expenses connected with the sale of Government-owned or Government-controlled stocks of farm commodities at less than parity price as defined by the Agricultural Adjustment Act of 1938 or the comparable price as provided by section 4 (a) of the act of July 1, 1941, as amended (15 U. S. C. 713a-8); and the method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths inch Middling cotton at such average location for the purposes of this proviso: *Provided further*, That the foregoing shall not apply to the sale or other disposition of any agricultural commodity substantially deteriorated in quality (or in the case of perishable fruits, vegetables, and animal products if there is danger of deterioration or of accumulation of stocks) or sold for the purpose of feeding, or the extraction of peanut oil, or commodities disposed of for export pursuant to section 21 (c) of the Surplus Property Act of 1944 (Public Law 457) or commodities sold to farmers for seed or for new or byproduct uses, or commodities sold for the purpose of establishing claims against persons who have committed fraud, misrepresentations, or other wrongful acts with respect to such commodities: *Provided further*, That no wheat or corn will be sold for feed at a price less than the parity price of corn at the time such sale is made: *Provided further*, That in making regional adjustments in the sale price of corn or wheat the minimum price need not be higher in any area than the United States average parity price of corn."

And on page 22, line 16, after "(15 U. S. C. 713a-4)" to insert a colon and the following additional proviso: "*Provided further*, That no part of any funds appropriated in this act for the Commodity Credit Corporation shall be used, during the fiscal year ending June 30, 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of this act."

The amendment was agreed to.

The next amendment was, on page 22, after line 23, to strike out:

Federal Surplus Commodities Corporation: *Provided*, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: *Provided, however*, That not to exceed \$40,000 of such funds

may be expended for administrative expenses during the fiscal year 1947.

The amendment was agreed to.

The next amendment was, on page 23, line 9, after the word "exceed," to strike out "\$3,750,000" and insert "\$3,875,000."

The amendment was agreed to.

The next amendment was, on page 23, line 23, after the word "exceed," to strike out "\$1,500,000" and insert "\$1,688,501."

The amendment was agreed to.

The next amendment was, on page 24, line 2, after the word "exceed," to strike out "1,600,000" and insert "\$1,644,912."

The amendment was agreed to.

The next amendment was, on page 24, line 5, after the word "exceed," to strike out "\$341,000" and insert "\$391,000."

The amendment was agreed to.

The next amendment was, under the heading "Title III—General provisions," on page 27, line 20, before the word "vehicles," to strike out "nonserviceable."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. McKELLAR. Mr. President, on behalf of the committee, I send forward an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee will be read.

The CHIEF CLERK. On page 29, after line 16, it is proposed to insert the following:

SEC. 306. In order to meet emergencies or contingencies arising subsequent to approval of the Budget and not provided for in the Budget program, a corporation or agency covered by the provisions of this act may, with the approval of the President, adjust its budget program to provide, within the limits of available funds and borrowing authority, for the immediate initiation of programs authorized by law and not specifically set forth in the Budget: *Provided*, That the new program shall be promptly transmitted to the Congress as an amendment to the Budget: *Provided further*, That nothing in this section shall be construed as authority for increasing the amount available for administrative expenses under any limitation on such expenses.

Mr. TAFT. Mr. President, I object very strenuously to the amendment. It seems to me that it would absolutely abolish the Budget Act. As I read the Byrd-Butler law, I can form no other conclusion.

Mr. McKELLAR. The amendment was sent to the committee by the President and by the Bureau of the Budget. I do not see why it would have been sent by the Director of the Budget if the amendment would abolish the Bureau of the Budget.

Mr. TAFT. The Byrd-Butler Act was passed in order to require that a budget be submitted by each Federal corporation for its own operation. Allow me to read the language of the amendment:

In order to meet emergencies or contingencies arising subsequent to approval of the budget and not provided for in the budget program, a corporation or agency covered by the provisions of this act may, with the approval of the President, adjust its budget program to provide, within the limits of available funds and borrowing authority, for the immediate initiation of programs authorized by law and not specifically set forth in the budget.

That language removes all limitations. The RFC, for example, has some \$5,000,000,000 available for borrowing, and they, therefore, operate under no limit whatever.

The purpose of the Budget Act was to require corporations to tell Congress in advance what their programs were to be. If we agree to this amendment, we say, in effect, to those corporations, "You no longer must do that." It may be said, "There is a new emergency, and the President says you should go ahead. So go ahead and undertake programs which have not been authorized by the Congress." It is just the same as if we were to say, in connection with appropriations, "Because there is an authorization of \$100,000,000 we are now appropriating \$50,000,000. But if the President wants to spend more money, up to the limit of the total authorization, he may do so."

Mr. RUSSELL. Oh, no.

Mr. TAFT. That is the way I read the language.

Mr. RUSSELL. Mr. President, I understand the amendment. The purpose of it is to enable the Commodity Credit Corporation to have some flexibility within its limitations in dealing with certain contingencies which might arise with respect to some profits for which provision was not made in the Budget. The only testimony presented before the committee in urging the amendment came from the Commodity Credit Corporation. It wished to be enabled to deal with the farm program.

Mr. McKELLAR. Mr. President, there also came a letter from the President, dated June 19, 1946, strongly urging the amendment, and after the Senator has concluded his remarks I shall wish to read the letter into the RECORD.

Mr. RUSSELL. My only interest is not to tie the hands of the Commodity Credit Corporation in its present program dealing with farm crops. The amendment states, in part, "within the limits of available funds and borrowing authority."

Mr. TAFT. That is no limit whatever, because the corporations in question have a considerable amount of borrowing authority beyond anything which they may spend. The very purpose of the passage of the Budget Act was to require Government corporations to say in advance what their programs were to be. If the Senator desires to incorporate a special provision with regard to certain things which the Commodity Credit Corporation may do within the limit of their field, I would have no objection, but it seems to me that this amendment takes off the limit. The Reconstruction Finance Corporation has five or six billion dollars of borrowing power. Under this amendment they may undertake any project which they may wish.

Mr. RUSSELL. It would have to be authorized by law.

Mr. TAFT. What must be authorized by law? The RFC is authorized by law to do almost anything. The very purpose of the Byrd-Butler law is to tie them down in the same way that we tie

down an ordinary department provided for in an appropriation bill.

Mr. President, it seems to me very clearly that this is legislation on an appropriation bill. I believe that I should make the point of order that the amendment is not in order.

Mr. RUSSELL. Mr. President, if the amendment were amended so as to apply solely to the Commodity Credit Corporation would the Senator from Ohio withdraw his point of order? I do not believe that we should tie down the Commodity Credit Corporation when the Steagall and other acts guarantee farmers a certain percentage.

Mr. TAFT. My understanding of the act is this: the Commodity Credit Corporation should file a budget program. They do not have to be particularly specific. They must merely indicate the programs which they intend to undertake during the following year.

Mr. RUSSELL. Mr. President, unfortunately they did set forth a very specific program. They indicated an amount which they would pay within the limitations of the price control act to the producers of milk, and so much for sugar. There is a likelihood that the Congress will be in adjournment for 5 or 6 months, and if no relief is granted the producers of some commodities will be absolutely wiped out unless they are able to get Government aid. Of course, the amendment is subject to a point of order.

Mr. TAFT. Will the Senator indicate where in the bill the Commodity Credit Corporation is dealt with?

Mr. RUSSELL. I do not have the bill before me. Allow me to ask the Senator if he would be willing to agree to an amendment on line 3, after the words "Budget program" to insert "the Commodity Credit Corporation, with the approval of the President."

Mr. TAFT. Here is another question I was about to ask the chairman of the committee. What is the relation between this bill and the OPA extension bill which was passed this afternoon which expressly provided authority to pay subsidies, and buy and sell at a loss if both the RFC and the Commodity Credit Corporation set out a specific limitation of the money which may be used for that kind of a program?

Mr. RUSSELL. The specific over-all limitation carried in the OPA bill would be binding on the Commodity Credit Corporation or any other agency of the Government which might be paying a subsidy. The Commodity Credit Corporation set up the programs which they anticipated handling during the coming fiscal year. I think we will be apt to work a great hardship on some group in this country which already has received assurances in other legislative measures that the Commodity Credit Corporation has been given power to adjust their budget to meet any emergency which might arise.

Mr. TAFT. I have some doubt whether language of the kind proposed might not completely set aside the limitation of the subsidy program which we just approved in the Price Control Act.

Mr. RUSSELL. I do not think so.

Mr. TAFT. I do not see why not.

Mr. RUSSELL. I do not believe that that issue could arise, and certainly I have no such idea in mind.

Mr. TAFT. Mr. President, what is the meaning of the following language on page 22 of the bill?

Provided further, That no part of any funds appropriated in this act for the Commodity Credit Corporation—

Incidentally, there are no funds appropriated except \$8,000,000, so far as I know. The other appropriation is a deficiency appropriation. I continue reading:

shall be used, during the fiscal year ending June 30, 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of this act.

Under the provisions of the Price Control bill which the Senate has just passed, it is provided that no payments may be made to any producer under any subsidy program not in effect on the date of the act. So this seems to me to imply repeal of the Price Control Act which was just passed.

Mr. RUSSELL. It was put in for a wholly different purpose. It was offered by the Senator from Nebraska, who feared that some limitations on the OPA Act might be applied to sugar, and he wanted the domestic sugar producers protected by the amendment. It could not possibly extend the limitations in the OPA Act to affect the subsidy which can be used, nor is there anything in the pending amendment or the legislation which would allow the payment of any subsidy beyond the limitations contained in the OPA Act.

Mr. TAFT. Why have it, then?

Mr. RUSSELL. I presented that viewpoint to the Senator from Nebraska, that they could not pay any new subsidies, but he was apprehensive that within the limitations of the OPA Act some new subsidy might be paid for sugar, and the purpose of the amendment which the Senator has just read was to prevent that being done.

Mr. TAFT. But the implication is, as I see it, that some subsidy may be paid somehow under the authority of the appropriation bill.

Mr. RUSSELL. Mr. President, that cannot be done unless it is done out of the \$8,000,000 for administration, because that is the only appropriation contained in the bill. That was the point I urged on the Senator from Nebraska, but he and others who were interested in the sugar problem felt it would be at least an admonition to the Commodity Credit Corporation not to engage in any new subsidy program with respect to sugar, other than as to domestic producers. It cannot possibly have any effect on the OPA Act. It is merely a limitation on this appropriation in the first place. It is not legislation itself.

Mr. McKELLAR. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. McKELLAR. After quoting the proposed amendment, the President said this, which I think is pertinent to what the Senator is suggesting:

This section is substantially the same as that included in the corporation supplement

to the Budget for the fiscal year 1947 which I transmitted to the Congress on May 2, 1946. In transmitting this Budget approval language was recommended which would restrict the programs of each corporation to those set forth in its 1947 Budget. However, it was recognized that, because of its urgencies or contingencies arising subsequent to the approval of the Budget, a corporation might be called upon to immediately undertake a program which, while authorized under basic law, had not been specifically set forth in its budget. Under these circumstances I recommended that if a corporation had sufficient funds it should be permitted, with my approval, to initiate immediately such a program, and that it be promptly transmitted to the Congress as an amendment to the Budget.

I consider that a provision which is designed to meet emergencies or contingencies is within the spirit of the Government Corporation Control Act, a view which is concurred in by the House Appropriations Committee, since the act clearly states that such a provision may be included in the Budget programs for each corporation. However, rather than make such provision in the Budget for each corporation, it is considered that a general provision, applicable to all corporations, would be more satisfactory and thereby improve the Budget estimates. Obviously it would appear quite improbable that emergencies or contingencies would arise in each corporation during a given year.

In view of the foregoing I strongly urge that the provision for meeting emergencies and contingencies in the Budget programs of corporations included in H. R. 6777 be restored.

That was the purpose.

Mr. TAFT. Mr. President, the purpose stated is clearly a purpose to nullify the whole Byrd-Butler Act, so far as corporation control is concerned. If we are to adopt an amendment which provides that a corporation may spend any money it wants to spend, if the President says there is an emergency, then why have a budget at all, why present a budget, why adopt this whole new procedure which is required by the law?

Mr. President, I feel compelled to make a point of order against the amendment.

Mr. BYRD. Mr. President, I think the Senator from Ohio is entirely correct, for the reason that all these corporations have authorizations which they have not yet used. They can use revolving funds, for example. The Byrd-Butler law was supposed to put them under the control of Congress, just as is any other department of the Government. Under this amendment that control would be lifted. In my judgment, it clearly and completely nullifies the Byrd-Butler Act, which it took Congress 10 years to pass. If the Senator from Ohio does not make a point of order, I certainly shall.

Mr. TAFT. I make the point of order. I would like to say to the distinguished Senator from Georgia that I should like to consult with him. I think we can work out some language. There will be other bills in connection with which I think this matter could be handled. I should like to study the relationship of the different provisions.

Mr. RUSSELL. I do not know of any other bill on which it can be put. I appreciate the consideration of the Senator from Ohio.

Mr. TAFT. I am not at all satisfied with the relation between the provisions for the Reconstruction Finance Corporation, the Commodity Credit Corporation,

and the Price Control Act limitations on subsidies. I think they should be carefully examined.

Mr. RUSSELL. I have here the language of the Byrd-Butler Act, and certainly as it relates to the Commodity Credit Corporation, and what I have in mind, this amendment, if confined to the Commodity Credit Corporation, can do no violence to the spirit of the Byrd-Butler Act. I read from it:

The Budget program shall be a business-type budget, or plan of operations, with due allowance given for the need of flexibility, including provision for emergencies and contingencies, in order that the Corporation may properly carry out its activities as authorized by law.

It may be that this budget is in that shape, but from my examination of the Commodity Credit Corporation budget I am very apprehensive of what will happen if some leeway is not given which will permit that Corporation to carry out the instructions of Congress as provided in other basic legislation.

Mr. BYRD. Why can it not be put in the Budget, just as in the case of other corporations?

Mr. RUSSELL. They did not set up anything for emergencies and contingencies.

Mr. BYRD. They should have set it up, and if it is the fault of the Commodity Credit Corporation in not bringing in the proper kind of a budget, they certainly should not be exempted.

Mr. RUSSELL. Of course, the point of order is good; there is no question about it.

Mr. BYRD. The Senator from Georgia knows I do not want to do anything to interfere with the Commodity Credit Corporation, but if we exempt one corporation from the Byrd-Butler Act, we shall have to exempt all of them. If we exempt one, the others will want to be exempted.

Mr. RUSSELL. Congress has told the Commodity Credit Corporation to carry out certain programs in certain eventualities, and this amendment would only allow them to initiate programs which are authorized by law.

Mr. BYRD. That is all they could do anyway. The Commodity Credit Corporation has resources and authority to borrow. The purpose of the Byrd-Butler law was to reduce the blanket authorizations which have been made. They have the right to use revolving funds. No one knows how much they may amount to.

I wish to say to the Senator from Georgia that I shall be glad to confer with him and the Senator from Ohio, but no one seems to understand this amendment, and I certainly could not sit here and have it agreed to when it is subject to a point of order.

Mr. McKELLAR. I call the Senator's attention to this statement of the President:

The act clearly states that such a provision may be included in the Budget programs for each corporation.

Mr. BYRD. Why was it not included? The Senator from Georgia states it has not been properly prepared, and it is up to the Commodity Credit Corporation to prepare it properly. This would give them an exemption.

Mr. McKELLAR. Instead of having it for each corporation, he included them all together.

Mr. BYRD. That was not the purpose of the Byrd-Butler Act. Each corporation was to come before the Congress, as the Senator from Tennessee knows—and he helped in the passage of the act—and present its budget, just as any other department does.

Mr. WHERRY. Mr. President, I, too, took the same position, not on account of the Byrd-Butler law, but I took a position against the amendment because it seemed to me that what we were trying to do was to limit the corporations.

Mr. BYRD. Mr. President, the object of the Byrd-Butler Act was to restrict these corporations, and take away from them the power they had exercised. I do not know how much excess buying power the Commodity Credit Corporation has.

Mr. WHERRY. I said, "Why do you not come in and ask for it in your budget?"

Mr. BYRD. They have to come to Congress, anyway, to get it.

Mr. WHERRY. If the Congress is in session, it is all right, but if Congress is not in session, how are they to have authority to borrow money to take care of the needs for which the original corporation was set up?

Mr. McKELLAR. It could not be done.

Mr. WHITE. Mr. President, I do not know who has the floor, but will the Senator who has the floor yield to me for a moment?

Mr. RUSSELL. I yield.

Mr. WHITE. Mr. President, I understand that a point of order has twice been made against this amendment by two different Senators.

Mr. RUSSELL. That is correct.

Mr. WHITE. It seems to me to be conceded by all that the point of order is well taken. That would suggest to me the wisdom of letting this matter go over until tomorrow in the hope that the interested Senators might get together, study the language, and accomplish the purpose sought without offense to the rules of the Senate, and really make progress toward the ultimate disposition of the legislation.

Mr. McKELLAR. I should be glad to do that, if the Senator from Georgia [Mr. RUSSELL] and the Senator from Virginia [Mr. BYRD] and the Senator from Ohio [Mr. TAFT] and other Senators interested meanwhile would get together.

Mr. RUSSELL. Mr. President, I am tremendously concerned about the situation as it might apply to the Commodity Credit Corporation, and I would be glad to take any steps which would protect the farmers in the program that has been prescribed by the Congress for them.

Mr. McKELLAR. Will the Senator from Ohio be willing to undertake to consider the matter with other Senators between now and the time we reconvene tomorrow?

Mr. TAFT. Yes.

Mr. McKELLAR. Since that is the case, Mr. President, I shall ask that the bill go over at this point until tomorrow. But before the bill goes over I wish to ask unanimous consent that an amendment be agreed to. On page 3, at the bottom

of the page, in line 21, there is a proviso as follows:

Provided further, That none of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress.

I ask that that language be stricken out, and that the amendment be taken to conference, if no Senators object.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and the amendment is agreed to.

Mr. McKELLAR. I now ask that the bill go over until tomorrow.

The PRESIDING OFFICER. Without objection, the bill will be passed over until tomorrow.

Mr. FERGUSON. Mr. President, respecting the last item mentioned by the Senator from Tennessee, I tried to get on my feet before the bill was passed over.

Mr. McKELLAR. I beg the Senator's pardon.

Mr. FERGUSON. It is satisfactory to me that the language be stricken out, but only for the purpose of taking the amendment to conference. I think the conferees should give due consideration to this question. We should not be appropriating money to take care of these matters when there is some other way to take care of them; that is that the State or the municipality may take care of the costs of amortization of these buildings. I think it is a bad practice for the Federal Government to be subsidizing anything that the State or the municipality or the building organizations may determine should be paid.

Mr. McKELLAR. I am rather inclined to think the Senator is right.

Mr. FERGUSON. When the Senate passes a measure making certain appropriations I do not consider that we are bound thereafter to appropriate money for such purposes. If there is any place where sovereignty applies it is right here at home. Sovereignty applies at home as well as in our foreign relations. The Government is not bound to appropriate continuously and on into the future without a determination by each House.

Mr. FULBRIGHT. Mr. President, will the Senator from Tennessee yield for a question?

Mr. McKELLAR. I yield.

Mr. FULBRIGHT. I wanted to ask the Senator about the RFC. I understand that agency expires at the end of this year. Does it not?

Mr. McKELLAR. I do not think it does.

Mr. FERGUSON. It expires in 1948.

Mr. McKELLAR. I am not sure, but I believe it expires in 1948. It does not expire this year.

Mr. FULBRIGHT. May I ask the Senator from Ohio. Does not the RFC expire, under the terms of its charter, at the end of this calendar year?

Mr. TAFT. We have a bill on the calendar to extend the life of the RFC. I do not think it expires tomorrow.

Mr. FULBRIGHT. No, I say the end of this calendar year.

Mr. TAFT. I think some time in that neighborhood. I think it is February 1947.

Mr. FULBRIGHT. The appropriation appearing on page 6 is based on the theory that RFC will be extended for the period of a year.

Mr. McKELLAR. Yes. It is based on the theory that the organization will be in existence the full year.

The PRESIDING OFFICER. At the request of the Senator from Tennessee, the bill will go over until tomorrow.

APPROPRIATIONS FOR THE COAST GUARD, TREASURY DEPARTMENT, 1947

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill (6428) making appropriations for the Coast Guard, Treasury Department.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6428) making appropriations for the Coast Guard, Treasury Department, for the fiscal year ending June 30, 1947, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will proceed to state the committee amendments.

The first amendment of the Committee on Appropriations was, under the heading "Coast Guard," on page 5, line 19, after the word "stragglers", to strike out "\$72,000,000" and insert "\$76,020,000."

The amendment was agreed to.

The next amendment was, on page 7, line 11, after the word "ordnance", to insert "ordnance stores."

The amendment was agreed to.

The PRESIDING OFFICER (Mr. MURDOCK in the chair). That completes the committee amendments.

The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. McKELLAR. I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. McCARRAN, Mr. HAYDEN, Mr. GREEN, Mr. MAYBANK, Mr. WHITE, Mr. GURNEY, and Mr. REED conferees on the part of the Senate.

BILLS AFFECTING THE DISTRICT OF COLUMBIA

Mr. HOEY. Mr. President, I ask unanimous consent for the consideration of three bills which are on the calendar and which relate to the District of Columbia. The three bills have been unanimously reported from the Committee on the District of Columbia. There is no objection to them that I now of from any source. The expiration date in each case

will be June 30, so it is necessary that the bills be passed today. The bills are Senate bill 2234, Calendar No. 1593; House bill 5933, Calendar No. 1648; and House bill 6516, Calendar No. 1649. I have spoken to both the majority and the minority leaders with respect to these bills and told them they were reported unanimously from the committee.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. HOEY. I yield.

Mr. WHITE. The Senator from North Carolina spoke to me earlier today about these three bills. I made an effort to contact the minority members of the District Committee with respect to them. I found no opposition on the part of any of the District Committee minority members who are present, and I know of no objection to the bills.

UNEMPLOYMENT COMPENSATION IN THE DISTRICT OF COLUMBIA

Mr. HOEY. Mr. President, I ask unanimous consent for the present consideration of Senate bill 2234, Calendar No. 1593.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2234) to amend the District of Columbia Unemployment Compensation Act, to provide for unemployment compensation in the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 5, to strike out the following:

Section 3 (c) (4) is amended to read as follows:

"(4) (i) No employer's rate of contribution for any calendar year or part thereof shall be reduced below the standard rate unless and until his account could have been charged with benefits paid throughout the 36-consecutive-calendar-month period ending on the computation date applicable to such year or part thereof.

"(ii) No employer's contribution rate for any calendar year shall be reduced below the standard rate unless records filed with the Board indicate he has established taxable wages in each of the three annual pay rolls as used in calculating his average annual pay roll.

"(iii) (1) Contribution rates after termination of military service. Notwithstanding any inconsistent provisions of this act, the contribution rates of trainees shall be determined in accordance with the following provisions of this subsection for the periods and with respect to the matters specified herein. Except as herein otherwise provided, all other provisions of this act shall continue to be applicable in connection with such contribution rates.

"(2) The term 'military service' as used in this subsection means active service in the land or naval forces of the United States, but the service of an individual in any reserve component of the land or naval forces of the United States who is ordered to active duty in any such force for a period of 30 days or less shall not be deemed to be active service in such force during such period.

"(3) The term 'trainee' as used in this subsection means an individual who entered military service after March 31, 1940, who continued such service for more than 30 consecutive days, whose military service was terminated under conditions other than dishonorable, on or before the 6 months after the war in which the United States is now engaged has been terminated by proclamation by the President of the United States,

"(4) Upon written application by a trainee, who was formerly an employer subject to the provisions of this act and who has returned to engage in substantially the same type of business in which he was engaged prior to his entrance into the military service, the entire period between the time of his entrance into military service and the date of termination of such service shall be excluded in determining his contribution rate. The Contribution Rate Review Committee may in its discretion exclude a reasonable period before and after the trainee's actual period of military service if such Committee finds that the trainee was out of business solely because of such military service.

"(iv) If the amount in the fund as of the computation date is less than 5 percent of the total pay rolls subject to contributions under this act for the twelve consecutive month period ending on said computation date, the contribution rate for each employer shall be increased by the percentage differential between said 5 percent of such total pay rolls and said fund's percentage of such total pay rolls, but in no event shall the contribution rate for any employer be more than 2.7 percent. Said percentage differential for each employer shall be computed to the next highest one-tenth of 1 percent.

"(v) If, on December 20 of any calendar year, the amount in the fund becomes less than 2.4 percent of the total annual pay rolls subject to contribution under this act for the 12-consecutive-month period ending on the preceding June 30, the Board shall make a declaration to that effect. Effective the quarter following such announcement, each employer's rate of contribution shall be the standard rate."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the District of Columbia Unemployment Compensation Act, approved August 28, 1935, as amended, is further amended to read as follows:

"Section 3 (c) (5) is amended to read as follows:

"(5) The Board shall for any uncompleted portion of the calendar year beginning with the effective date of this act and for each calendar year thereafter classify employers in accordance with their actual experience in the payment of contributions and with respect to benefits charged against their accounts. Each employer's contribution rate for each subsequent year or part thereof shall be calculated on the basis of his records filed with the Board and benefit payments disbursed through the applicable computation date."

"Section 3 (c) (7) is amended to read as follows:

"(7) (a) If the business of any employer is transferred in whole or in part, the transferee shall be deemed a successor for the purpose of this section. In case the transfer of any of the assets of a covered employer's business by any means whatever, otherwise than in the ordinary course of trade, such transfer shall be deemed a transfer of business and shall constitute the transferee a successor hereunder, unless the Board, on its own motion or on application of an interested party, finds that all of the following conditions exist:

"(1) The transferee has not assumed any of the transferor's obligations; and

"(2) The transferee has not continued or resumed transferor's good will; and

"(3) The transferee has not continued or resumed the business of the transferor, either in the same establishment or elsewhere; and

"(4) The transferee has not employed substantially the same employees as those the transferor had employed in connection with the assets transferred.

"(b) The successor, if not already subject to this section, shall become an 'employ-

er" subject hereto on the date of such transfer, and shall accordingly become liable for contributions hereunder from and after said date.

"(c) The successor shall take over and continue the employer's account, including its reserve and all other aspects of its experience under this section, in proportion to the pay roll or employees assignable to the transferred business as determined for the purposes of this section by the Board. The successor shall be secondarily liable for any amounts owned by the employer to the fund at the time of such transfer; but such liability shall be proportioned to the extent of the transfer of business and shall not exceed the value of the assets transferred.

"(d) The benefit chargeability of a successor's account under section 3 (c) if not accrued before the transfer date shall begin to accrue on the transfer date, in case the transferor's benefit chargeability was then accruing; or shall begin to accrue on the date otherwise applicable to the successor, or on the date otherwise applicable to the transferor, whichever is earlier, in case the transferor's benefit chargeability was not accruing on the transfer date. Similarly, benefits from a successor's account, if not chargeable before the transfer date shall become chargeable on the transfer date, in case the transfer was then chargeable for the benefit payments; or shall become chargeable on the date otherwise applicable to the successor or on the date otherwise applicable to the transferor, whichever is earlier, in case the transferor was chargeable for the benefit payments on the transfer date.

"(e) The account taken over by the successor employer shall remain chargeable with respect to accrued benefit and related rights based on employment in the transferred business, and all such employment shall be deemed employment performed for such employer.

"(f) The contribution rates applicable with respect to the accounts of the successor employer and a transferring employer shall be respectively determined or redetermined as of the next preceding June 30 computation date, to apply from the date of transfer of business until the close of the current calendar year, and shall thereafter be determined whenever required by section 3 (c), as follows: For the purposes of section 3 (c), the Board shall determine the "experience under this section" of the successor employer's account and of the transferring employer's account by allocating to the successor employer's account for each period in question the respective proportions of the transferring employer's pay roll and the benefits which the Board determines to be properly assignable to the business transferred.

"(g) Special combinations of experience: Any successor employer who has failed to obtain credit for its predecessor's experience, solely because of the provisions of section 3 (c) (7) of the act prior to its amendment by this act, may file a written application for such allowance after the effective date of this act. In the event the board finds that such employer is entitled to such combination of experience under the provisions of section 3 (c) (7) as amended by this act, the combination shall be allowed effective for the calendar year next succeeding the date of such application."

"Section 3 (c) (8) is amended by adding at the end thereof the following subsection:

"(iii) Except as otherwise provided in this section, whenever through inadvertence or mistake erroneous charges or credits are found to have been made to experience-rating accounts, the same shall be readjusted as of the date of discovery and such readjustment shall not affect any computation or rate assigned prior to the date of discovery but shall be used on the next computation date in calculating future contribution rates."

"Section 3 (c) (10) is amended by inserting, after the words 'employer thereof' found at the end of the third sentence of said section, the following additional sentence: 'All such hearings shall be held before a Contribution Rate Review Committee composed of three members who shall be employees of the Board and appointed by the Board. The findings and decision of this committee shall not be subject to review by the District Auditor.'

"This act shall take effect as of 12:01 ante-meridian on the first day of the next succeeding calendar quarter following the enactment of this act."

NURSERY AND NURSERY SCHOOLS FOR DAY CARE IN THE DISTRICT OF COLUMBIA

Mr. HOEY. I ask unanimous consent for the present consideration of House bill 5933, Calendar No. 1648.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 5933) to authorize and direct the Board of Education of the District of Columbia to establish and operate in the public schools and other suitable locations a system of nurseries and nursery schools for day care of school-age and under-school-age children, and for other purposes, which had been reported from the Committee on the District of Columbia, with amendments.

The first amendment was on page 1, line 4, after the words "Board of" to strike out "Education" and insert "Public Welfare."

The amendment was agreed to.

The next amendment was on the same page after line 7, to strike out section 2 as follows:

SEC. 2. On and after July 1, 1946, the Board is authorized and directed to establish, maintain, and operate in and on the buildings and grounds of the public schools of the District of Columbia and at other suitable locations, a system of nurseries and nursery schools for the day care of children of school or under-school age of parents residing in the District of Columbia who are employed and are financially unable otherwise to provide for the day care of their children or who are so handicapped that they cannot otherwise provide for the day care of their children. The Board is authorized to employ teachers, attendants, clerks, custodians, and other persons necessary to provide such day care and to pay compensation for their services in accordance with the Classification Act of 1923, as amended.

And to insert in lieu thereof the following:

SEC. 2. On and after July 1, 1946, and until June 30, 1947, and no longer, the Board is authorized and directed to establish, maintain, and operate in and on such of the buildings and grounds of the public schools of the District of Columbia, as may be designated and approved by the Board of Education, and at such other suitable locations, as may be designated and approved by the Commissioners of the District of Columbia, not to exceed a total of 14 nurseries and nursery schools for the day care of children of school or under-school age of parents residing in the District of Columbia and who have resided therein for not less than 1 year immediately preceding the entry of their children into such nurseries or nursery schools and who are employed and are financially unable otherwise to provide for the day care of their children or who are so handicapped that they cannot otherwise provide for the day care of their children. The

Board is authorized to employ teachers, attendants, clerks, custodians, and other persons necessary to provide such day care and to pay compensation for their services in accordance with the Classification Act of 1923, as amended. Appropriations now or hereafter available for the maintenance and operation of the buildings and grounds of the said public schools shall be available for the maintenance and operation of such of the buildings and grounds of the said public schools in and on which such nurseries and nursery schools may be established, maintained, and operated.

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize and direct the Board of Public Welfare of the District of Columbia to establish and operate in the public schools and other suitable locations a system of nurseries and nursery schools for day care of school-age and under-school-age children, and for other purposes."

INCREASE IN SALARIES OF METROPOLITAN POLICE AND OTHERS

Mr. HOEY. I ask unanimous consent for the present consideration of House bill 6519, Calendar No. 1649.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 6519) to increase the salaries of the Metropolitan Police, the United States Park Police, the White House Police, and members of the Fire Department of the District of Columbia, was considered, ordered to a third reading, read the third time, and passed.

SIMPLIFICATION AND IMPROVEMENT OF CREDIT SERVICES TO FARMERS

Mr. RUSSELL. Mr. President, early this year the Senate passed unanimously a bill offered by the late lamented senior Senator from Alabama, Mr. Bankhead, respecting the Bankhead-Jones Farm Tenant Act. The bill since that time has been in the House committee. The House passed its own version of the bill H. R. 5991, and it was referred to the Senate Committee on Agriculture and Forestry, and was unanimously favorably reported by that committee, and is now on the calendar, Calendar No. 1353. I should like to have the measure considered now.

Mr. WHERRY. Mr. President, may I ask the Senator a question? I have received telephone calls from the National Grange and from two other farm organizations who are not in favor of this measure. They tell me there were no hearings held on the bill at all.

Mr. RUSSELL. I can say to the Senator that that statement is certainly not correct.

Mr. WHERRY. Was any evidence submitted before the House committee except evidence on the part of Government agencies?

Mr. RUSSELL. I do not know about that.

Mr. WHERRY. I understood that perhaps a hearing was held, but that only Government agencies were represented. They were heard in a great hurry one



31. FARM-LABOR PROGRAM. The Agriculture Committee reported without amendment H. R. 6828, to authorize appropriations for continuation of the farm-labor supply program until June 30, 1947 (H. Rept. 2435)(p. 8131). An appropriation for this item has already been included in H. R. 6885, the third deficiency appropriation bill.
32. PERSONNEL. The Civil Service Committee reported with amendments H. R. 4718, to provide optional retirement for Government personnel who have rendered at least 25 years of service and have been separated from their employment, with a reduced annuity (H. Rept. 2443)(p. 8131).
The Claims Committee reported without amendment H. R. 4720, to provide for payment of claims of Government personnel on account of certain Comptroller General decisions regarding overtime, etc. (H. Rept. 2436)(p. 8131).
33. NAVAL APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6496 (pp. 8085-91). The Senate has not yet acted on the report.
34. STATE, JUSTICE, COMMERCE, JUDICIARY APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6056 (pp. 8118-25). The Senate has not yet acted on the report.
35. D. C. APPROPRIATION BILL. Further conferees were appointed on this bill, H. R. 5990 (pp. 8125-6).
36. WAR DEPARTMENT MILITARY APPROPRIATION BILL. Conferees were appointed on this bill, H. R. 6837 (p. 8117).
37. ADJOURNED until Mon., July 1 (p. 8131). The legislative program for ~~this~~ week, as announced by Majority Leader McCormack: Mon., F. D. Roosevelt ceremonies, OPA extension; Tues., consent and private calendars; Wed., railroad retirement; Thurs., no business; Fri. and Sat., British loan (p. 8127).

SENATE - June 29

38. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Passed with amendments this bill, H. R. 6777 (pp. 8053-5).
Agreed to an amendment by Sen. Taft, Ohio, stating that the types of programs set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it, are approved, but the subsidy program shall be subject to the provisions of H. R. 6042, the price-control bill which was vetoed (p. 8053).
Sen. George, Ga., spoke against the provision for a \$3,000,000 TVA fertilizer plant at Mobile, and Sen. McKellar, Tenn., defended the item (pp. 8053-4).
Sens. McKellar, Hayden, Russell, Overton, Thomas of Okla., Brooks, Bridges, and Gurney were appointed Senate conferees (p. 8055).
39. NATIONAL SCIENCE FOUNDATION. Debated S. 1850, to promote the progress of science and the useful arts, to secure the national defense, and to advance the national health and welfare (pp. 8055-8).
40. HOUSING. Sen. Knowland, Calif., deplored the shortage of material to carry on the veterans' housing program (pp. 8058-9).
41. FARM CREDIT. Passed as reported H. R. 6477, to continue Land Bank Commissioner loans, etc. (p. 8059).

42. RECONSTRUCTION FINANCE CORPORATION. Passed as reported S. J. Res. 156, to continue RFC (p. 8059).
43. LABOR-FEDERAL SECURITY APPROPRIATION BILL. Passed with amendments H. R. 6739, this bill (pp. 8060-70). Conferees were appointed (p. 8070).
44. BANKRUPTCY. Passed without amendment H. R. 6682, to amend Secs. 31-3, and repeal Sec. 84, of the Bankruptcy Act (p. 8070). This bill will now be sent to the President.
45. PRICE CONTROL. Sen. Wagner, N. Y., asked permission to introduce a measure to continue the price-control laws until July 20, but Sen. O'Daniel, Tex., objected; Sens. Barkley and others discussed the proposal (pp. 8070-2, 8074-5).
46. NAVAL APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6496 (pp. 8072-4).
47. FARM CREDIT. Passed without amendment S. 2280, to authorize the Federal Farm Mortgage Corporation to purchase GI loans (p. 8075).
Passed as reported H. R. 5991, the Cooley farm-credit bill, with a committee amendment substituting the language of S. 1507, the Bankhead bill (pp. 8075-6).
48. CONGRESSIONAL REORGANIZATION. Sen. Morse, Oreg., inserted editorials favoring reorganization of Congress (pp. 8078-9).
49. ADJOURNED until Mon., July 1 (p. 8082).

BILLS INTRODUCED - June 29

50. RESEARCH. H. R. 6932, by Rep. Flannagan, Va., a revision of H. R. 6548 (the Flannagan bill) and H. R. 6692 (the Hope bill). To Agriculture Committee.
51. PRICE CONTROL. H. J. Res. 371 (see above), by Rep. Spence, Ky., to continue OPA until July 20. To Banking and Currency Committee.
H. Con. Res. 159, by Rep. Schwabe, Okla., to direct the President to prohibit the exportation of not over 2% of all durable goods produced, processed, or sold under the Price Control and Stabilization Acts. To Banking and Currency Committee. (p. 8132.)
52. ATOMIC ENERGY. H. Res. 688, by Rep. Luce, Conn., for development and control of atomic energy. To Rules Committee. (p. 8132.)

ITEMS IN APPENDIX - June 29

53. FOREIGN RELIEF. Sen. Smith, N. J., inserted an address by Herbert Hoover of world famine (pp. A4011-2).
54. CONGRESSIONAL REORGANIZATION. Rep. Luce, Conn., inserted an editorial favoring reorganization of Congress (p. A4015).
Rep. Woodruff, Mich., inserted editorials favoring congressional reorganization (p. A4028).
55. CHEESE INDUSTRY. Sen. Wiley, Wis., inserted a Holiday Magazine article commending Wis. cheese (pp. A4016-7).
56. HAY. Extension of remarks of Rep. Doyle, Calif., describing the Calif. Hay

H. R. 6777

JUNE 29, 1946

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1947, namely:

TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16

1 U. S. C., ch. 12A), including the construction of South Hol-
 2 ston Dam and Watauga Dam **(1)** *and beginning construction*
 3 *of a fertilizer manufacturing plant at or near Mobile,*
 4 *Alabama;* and the acquisition of necessary land, the
 5 clearing of such land, relocation of highways, and the
 6 construction or purchase of transmission lines and other
 7 facilities, and all other necessary works authorized by
 8 such Act; purchase, hire, maintenance, repair, and operation
 9 of aircraft; rents in the District of Columbia and elsewhere;
 10 penalty mail (not to exceed \$25,000); and all necessary
 11 salaries and expenses connected with the organization, opera-
 12 tion, and investigations of the Tennessee Valley Authority,
 13 **(2)** ~~\$25,906,000~~ \$46,572,000, together with the unexpended
 14 balance of funds heretofore appropriated, to remain avail-
 15 able until June 30, 1947, and to be available for the pay-
 16 ment of obligations chargeable against prior appropriations
 17 **(3):** *Provided, That of the \$46,572,000 appropriated herein,*
 18 *\$17,666,000 shall be available for the immediate resump-*
 19 *tion of construction and continued prosecution of the work*
 20 *on the Watauga and South Holston Dams with a view to*
 21 *the completion of the work on both dams at the earliest pos-*
 22 *sible date and \$3,000,000 toward the construction of a ferti-*
 23 *lizer manufacturing plant at or near Mobile, Alabama.*

1 NATIONAL HOUSING AGENCY

2 FEDERAL PUBLIC HOUSING AUTHORITY

3 Annual contributions: For the payment of annual con-
4 tributions to public housing agencies in accordance with sec-
5 tion 10 of the United States Housing Act of 1937, as
6 amended (42 U. S. C. 1410), \$8,300,000, together with the
7 unexpended balance of the appropriation for this purpose for
8 the fiscal year 1946: *Provided*, That except for payments
9 required on contracts entered into prior to April 18, 1940,
10 no part of this appropriation shall be available for payment
11 to any public housing agency for expenditure in connection
12 with any low-rent housing project, unless the public housing
13 agency shall have adopted regulations prohibiting as a tenant
14 of any such project by rental or occupancy any person other
15 than a citizen of the United States, but such prohibition shall
16 not be applicable in the case of a family of any serviceman
17 or the family of any veteran who has been discharged (other
18 than dishonorably) from, or the family of any serviceman
19 who died in, the armed forces of the United States within
20 four years prior to the date of application for admission to
21 such housing (4): *Provided further*, That none of the funds
22 herein shall be used to pay contributions with respect to
23 projects constructed under authority of Public Law 671,
24 ~~Seventy-sixth Congress.~~

1 DEPARTMENT OF AGRICULTURE

2 FEDERAL CROP INSURANCE CORPORATION

3 Operating expenses: For operating and administrative
4 expenses, ~~(5)\$6,800,000~~ \$7,880,000, including not to ex-
5 ceed \$700 for newspapers.

6 DEPARTMENT OF STATE

7 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

8 For the payment of obligations incurred under the con-
9 tract authorization of \$18,000,000 under the head "Office of
10 the Coordinator of Inter-American Affairs" in the National
11 War Agencies Appropriation Act, 1944, \$3,456,710.

12 INTER-AMERICAN EDUCATIONAL FOUNDATION,

13 INCORPORATED

14 For the payment of obligations incurred under the con-
15 tract authorization of \$2,500,000 under the head "Office
16 of the Coordinator of Inter-American Affairs" in the National
17 War Agency Appropriation Act, 1945, \$1,083,577.

18 TITLE II

19 The following corporations and agencies, respectively,
20 are hereby authorized to make such expenditures, within the
21 limits of funds and borrowing authority available to each
22 such corporation or agency and in accord with law, and
23 to make such contracts and commitments without regard
24 to fiscal year limitations as provided by section 104 of the
25 Government Corporation Control Act, as may be necessary

1 to carrying out the programs set forth in the Budget for
2 the fiscal year 1947 for each such corporation or agency,
3 except as hereinafter provided:

4 INDEPENDENT AGENCIES AND CORPORATIONS

5 Export-Import Bank of Washington: *Provided*, That
6 not to exceed \$780,000 of the funds of the Export-Import
7 Bank of Washington, shall be available during the fiscal
8 year 1947 for all administrative expenses of the bank, in-
9 cluding purchase, maintenance, operation, and repair of one
10 passenger automobile; not to exceed \$100 for periodicals,
11 \$200 for newspapers, and \$200 for maps; and not to exceed
12 \$24,000 for the temporary employment of persons or or-
13 ganizations for special services by contract or otherwise,
14 without regard to section 3709 of the Revised Statutes and
15 the civil-service and classification laws: *Provided further*,
16 That all necessary expenses (including special services per-
17 formed on a contract or fee basis, but not including other
18 personal services) in connection with the acquisition, opera-
19 tion, maintenance, improvement, or disposition of any real
20 or personal property belonging to the bank or in which it
21 has an interest, including expenses of collections of pledged
22 collateral, shall be considered as nonadministrative expenses
23 for the purposes hereof.

24 Panama Railroad Company: *Provided*, That not to ex-

ceed ~~(6)\$500,000~~ \$525,000 shall be available for administrative expenses.

Tennessee Valley Associated Cooperatives: *Provided*, That not to exceed \$2,500 shall be available for administrative expenses.

Tennessee Valley Authority.

FEDERAL LOAN AGENCY

Office of the Administrator: *Provided*, That of the funds available for administrative expenses to the agencies under the direction and supervision of the Federal Loan Administrator (12 U. S. C. 1801), \$118,000 is hereby made available to the Administrator for administrative expenses of supervising such agencies, including printing and binding (\$2,500) ; not to exceed \$10,000 for the temporary employment of persons or organizations for special services by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws.

Reconstruction Finance Corporation: *Provided*, That not to exceed ~~(7)\$33,553,000~~ \$35,553,000 (to be computed on an accrual basis) of the funds of the Reconstruction Finance Corporation, established by the Act of January 22, 1932 (47 Stat. 5), shall be available during the fiscal year 1947 for its administrative expenses and the administrative expenses of Federal National Mortgage Association, The RFC Mortgage Company, War Damage Corpo-

1 ration, U. S. Commercial Company, and Rubber Develop-
2 ment Corporation; not to exceed \$650 for periodicals and
3 newspapers; use of the services and facilities of the Federal
4 Reserve banks; and not to exceed \$115,150 for deposit in
5 the general fund of the Treasury for cost of penalty mail as
6 required by section 2 of the Act of June 28, 1944 (Public
7 Law 364) : *Provided further*, That all necessary expenses
8 (including services performed on a force account, contract,
9 or fee basis, but not including other personal services except
10 those which the corporations' prescribed accounting system
11 requires to be capitalized or charged to the cost of com-
12 modities acquired) in connection with the acquisition, pro-
13 tection, operation, maintenance, improvement, or disposition
14 of real or personal property belonging to said corporations,
15 or in which they have an interest, including expenses of
16 collections of pledged collateral, expenses incurred for serv-
17 ices performed outside the limits of continental United States
18 and properly capitalized expenditures, shall be considered as
19 nonadministrative expenses for the purposes hereof: *Pro-*
20 *vided further*, That none of the funds of the Reconstruction
21 Finance Corporation and the subsidiaries thereof shall be used
22 for the custody, maintenance, or disposal of any surplus
23 property except such property as may be owned by and
24 held for disposal by the Reconstruction Finance Corporation
25 or its subsidiaries: *Provided further*, That no part of the

1 funds of the Reconstruction Finance Corporation or of any
 2 subsidiary thereof shall be used to make any purchase or for
 3 personal services or to enter into any contract for the use
 4 or benefit of any other agency of the Government unless
 5 such agency shall have authority in law and appropriations
 6 available to make reimbursement for such purchase, personal
 7 services, or contract: *Provided further, That none of the*
 8 funds of the Reconstruction Finance Corporation and its
 9 subsidiaries shall be used for the making of any loan to any
 10 State, any subdivision thereof, any municipality therein, or
 11 any public authority, for construction purposes, unless in
 12 pursuance of a specific authorization if such loan would
 13 increase the aggregate amount of such loans outstanding
 14 above \$100,000,000 (8): *Provided further, That the subsidy*
 15 *program shall be subject to the provisions of H. R. 6042.*

16 Federal National Mortgage Association.

17 The RFC Mortgage Company.

18 Rubber Development Corporation.

19 U. S. Commercial Company.

20 War Damage Corporation.

21 NATIONAL HOUSING AGENCY

22 Salaries and expenses, office of the Administrator and
 23 Expediter: In addition to the amounts available by or pur-
 24 suant to law (which shall be transferred to this authoriza-
 25 tion) for the administrative expenses of the Office of the

1 Administrator, National Housing Agency, in carrying out
2 duties imposed by or pursuant to law, such amounts, not
3 exceeding \$450,000, as the Administrator determines are
4 required for the expenses of the Office of the Administrator
5 in the performance of administrative and supervisory services
6 relating to the constituent units of said Agency shall be
7 transferred, from the funds available for the administrative
8 expenses of such constituent units for the fiscal year 1947,
9 to this authorization for expenditure hereunder, and all
10 such amounts shall be available for all necessary ex-
11 penses of said Office of the Administrator; periodicals and
12 newspapers (not to exceed \$1,000) ; preparation, mounting,
13 shipping, and installation of exhibits; purchase of sixteen
14 (including one at not to exceed \$1,800), maintenance, re-
15 pair, operation, and rental of passenger automobiles; tempo-
16 rary employment of persons or organizations, by contract or
17 otherwise, for research work, and for engineering, technical,
18 legal, or other special services, including stenographic re-
19 porting services, without regard to section 3709 of the
20 Revised Statutes and the civil-service and classification laws;
21 expenses of attendance at meetings of organizations con-
22 cerned with the work of the Agency, when specifically
23 authorized by the Administrator; reimbursement for the
24 actual cost of ferry fares and bridge, road, and tunnel tolls;

1 payment of not to exceed 3 cents per mile to employees
2 or others rendering service to the Government for use by
3 them of privately owned automobiles for transportation on
4 official business within the limits of their official stations; and
5 purchase of teletype news services (not to exceed \$1,000) :
6 *Provided*, That the Administrator may, with the approval
7 of the President of the United States, transfer to this au-
8 thorization or to an authorization of a constituent unit from
9 funds available for administrative expenses of the constituent
10 units or the Office of the Administrator such additional sums
11 as represent a consolidation in the Office of the Administrator
12 or in a constituent unit of any of the administrative functions
13 of the National Housing Agency; but no such transfer of
14 funds shall be made unless the consolidation will result in a
15 reduction in manpower and a savings in administrative ex-
16 penses, which savings shall not be used for administrative
17 expenses but instead shall be returned to or remain in the
18 funds from which administrative expenses are drawn under
19 this authorization: *Provided further*, That a report of such
20 transfers and the savings effected thereby shall be submitted
21 to Congress in the annual budget.

22 Penalty mail costs: For costs of penalty mail of the
23 National Housing Agency, not to exceed \$295,600, said
24 sum to be derived by transfer of the unobligated balances,
25 as of July 1, 1946, of the funds made available for penalty

1 mail costs by the First Supplemental Appropriation Act,
 2 1945, and the Independent Offices Appropriation Act, 1946,
 3 and by transfer, from the funds of the constituent units of
 4 said Agency available for administrative expenses, in not
 5 to exceed the following amounts: Office of the Administrator,
 6 \$15,000; Federal Home Loan Bank Administration, \$111,-
 7 000; Federal Housing Administration, \$130,000; and Fed-
 8 eral Public Housing Authority, \$39,600: *Provided*, That in
 9 no event shall any moneys in excess of the costs of penalty
 10 mail allocable, respectively, to said Office of the Administra-
 11 tor and each of the aforesaid constituent units of the National
 12 Housing Agency be transferred hereunder: *Provided further*,
 13 That so long as the positions of National Housing Adminis-
 14 trator and Housing Expediter are held by the same person,
 15 such person may accept the salary of either such position
 16 but not to exceed \$12,000 per annum.

17 Federal Home Loan Bank Administration: *Provided*,
 18 That not to exceed a total of ~~(9)\$1,400,000~~ \$1,501,000, to
 19 be derived from the special deposit account established
 20 under the provisions under the head "Federal Home
 21 Loan Bank Administration" in the Independent Offices
 22 Appropriation Act, 1944, and from receipts of the
 23 Federal Home Loan Bank Administration or the Fed-
 24 eral Home Loan Bank Board for the fiscal year 1947
 25 and prior fiscal years, shall be available during the

1 fiscal year 1947 for administrative expenses of the Federal
2 Home Loan Bank Administration (Executive Order 9070
3 of February 24, 1942), and said Administration may transfer
4 to a separate authorization (which is hereby authorized to be
5 established), for expenditure by the Administration there-
6 under, not to exceed such amounts, from funds available for
7 administrative expenses of the Federal Home Loan Bank
8 Administration, the Federal Savings and Loan Insurance Cor-
9 poration, and the Home Owners' Loan Corporation, as said
10 Administration may deem necessary or advisable to be so
11 transferred for administrative expenses of or relating to any
12 department or unit of said Administration providing services
13 or facilities also to the Federal Savings and Loan Insur-
14 ance Corporation and the Home Owners' Loan Corpora-
15 tion; and use of services and facilities of the Federal
16 home-loan banks, Federal Reserve banks, Federal Savings
17 and Loan Insurance Corporation, and the Home Owners'
18 Loan Corporation and other agencies of the Government,
19 the amounts so derived to be credited upon the books
20 of the Treasurer of the United States in such account or
21 accounts as said Administration may determine: *Provided*
22 *further*, That all necessary expenses in connection with the
23 conservatorship of institutions insured by the Federal Savings
24 and Loan Insurance Corporation and all necessary expenses
25 (including services performed on a contract or fee basis, but

1 not including other personal services) in connection with the
2 handling, including the purchase, sale, and exchange, of
3 securities on behalf of Federal home-loan banks, and the
4 sale, issuance, and retirement of, or payment of interest on,
5 debentures or bonds, under the Federal Home Loan Bank
6 Act, as amended, shall be considered as nonadministrative
7 expenses for the purposes hereof: *Provided further*, That not-
8 withstanding any other provisions of this Act, except for
9 the limitation in amount hereinbefore specified, the adminis-
10 trative expenses and other obligations of the Administration
11 shall be incurred, allowed, and paid in accordance with the
12 provisions of the Federal Home Loan Bank Act of July 22,
13 1932, as amended (12 U. S. C. 1421-1449).

14 Federal Savings and Loan Insurance Corporation: *Pro-*
15 *vided*, That not to exceed \$532,000 shall be available for
16 administrative expenses, including the use of services and
17 facilities of the Federal home-loan banks, Federal Reserve
18 banks, and agencies of the Government, including the Fed-
19 eral Home Loan Bank Administration and the Home
20 Owners' Loan Corporation, which shall be on an accrual
21 basis and shall be exclusive of interest paid, depreciation,
22 properly capitalized expenditures, and expenses in connection
23 with liquidation of insured institutions, liquidation or handling
24 of assets of or derived from insured institutions, payment of
25 insurance, and action for or toward the avoidance, termina-

tion, or minimizing of losses in the case of specific insured institutions: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with title IV of the Act of June 27, 1934, as amended (12 U. S. C. 1724-1730).

Home Owners' Loan Corporation: *Provided*, That not to exceed ~~(10)\$4,500,000~~ \$5,000,000 shall be available for administrative expenses, including the use of services and facilities of the Federal home-loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Federal Savings and Loan Insurance Corporation, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, expenses (including services performed on a force account, contract, or fee basis, but not including other personal services) in connection with the acquisition, protection, operation, maintenance, improvement, or disposition of real or personal property belonging to said Corporation or in which it has an interest, and legal fees and expenses: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed,

1 and paid in accordance with the Home Owners' Loan Act
2 of 1933, as amended (12 U. S. C. 1461-1468).

3 Federal Housing Administration: *Provided*, That in
4 addition to the amounts available by or pursuant to law
5 (which shall be transferred to this authorization) for the
6 administrative expenses of the Federal Housing Admin-
7 istration in carrying out duties imposed by or pursuant to
8 law, not to exceed \$17,624,000 of the various funds of the
9 Federal Housing Administration as follows: (1) The
10 mutual mortgage insurance fund; (2) the housing insur-
11 ance fund; (3) the account in the Treasury comprised of
12 funds derived from premiums collected under authority
13 of section 2 (f), title I of the National Housing Act, as
14 amended (12 U. S. C. 1701); and (4) the war housing
15 insurance fund shall be available for expenditure, in accord-
16 ance with the provisions of said Act for the administrative
17 expenses of the Federal Housing Administration, including,
18 in addition to mileage at a rate not to exceed 4 cents per
19 mile for travel by motor vehicle, reimbursement for the
20 actual cost of ferry fares and bridge, road, and tunnel tolls,
21 and employees engaged in the inspection of property, servic-
22 ing of loans, or the liquidation of delinquent accounts, may
23 be paid an allowance not to exceed 4 cents per mile for
24 all travel performed in privately owned automobiles within
25 the limits of their official posts of duty when such travel is

1 performed in connection with such inspection, servicing, or
2 liquidation; and not to exceed \$1,500 for periodicals and
3 newspapers; not to exceed \$1,500 for contract actuarial serv-
4 ices: *Provided further*, That all necessary expenses of the
5 Administration (including both services performed on a con-
6 tract or fee basis, but not including other personal services)
7 in connection with the acquisition, protection, completion,
8 operation, maintenance, improvement, or disposition of real
9 or personal property of the Administration acquired under
10 authority of titles I, II, and VI of said National Housing
11 Act, shall be considered as nonadministrative expenses for
12 the purposes hereof: *Provided further*, That, except as herein
13 otherwise provided, the administrative expenses and other
14 obligations, including nonadministrative expenses, of the
15 Administration shall be incurred, allowed, and paid in ac-
16 cordance with the provisions of said Act of June 27, 1934,
17 as amended (12 U. S. C. 1701): *Provided further*, That
18 not to exceed \$3,000,000 of the funds (after allowance
19 for salaries and expenses as authorized under the heading,
20 "Salaries and expenses, National Housing Agency, Federal
21 Housing Administration") in the account in the Treasury
22 comprised of premiums collected under authority of section
23 2 (f), title I, of said Act, shall be available for the payment
24 of losses under insurance granted under section 2 and
25 section 6, title I, of said Act.

1 (11) Liquidation of resettlement projects: Not to exceed
 2 \$99,500 of the receipts derived from the operation of the
 3 projects transferred under paragraphs 1 (g) and 6 of Exec-
 4 utive Order 9070 of February 24, 1942 (7 F. R. 1529),
 5 shall be available for necessary expenses in connection with
 6 and to facilitate disposition of the improved or unimproved
 7 lands in the suburban resettlement projects known as Green-
 8 belt, Greendale, and Greenhills, pursuant to the provisions
 9 of section 5 of the Emergency Relief Appropriation Act
 10 of 1935 (49 Stat. 115), including temporary employment
 11 of persons or organizations, by contract or otherwise with-
 12 out regard to section 3709 of the Revised Statutes and the
 13 civil-service and classification laws, for making surveys,
 14 plans, and plats, and expenses of additions, alterations, and
 15 improvements to streets and utilities.

16 Federal Public Housing Authority: *Provided*, That of
 17 the amounts available by or pursuant to law for the adminis-
 18 trative expenses of the Federal Public Housing Authority
 19 in carrying out duties imposed by or pursuant to law (all
 20 of which are hereby merged into a single administrative ex-
 21 pense account), not to exceed \$18,000,000 shall be avail-
 22 able for such expenses (including not to exceed \$3,882,400
 23 of the funds available for administrative expenses for the
 24 corporate program), including temporary employment of per-

1 sons or organizations, by contract or otherwise, for legal or
2 other special services, without regard to section 3709 of
3 the Revised Statutes and the civil-service and classification
4 laws; reimbursement for the actual cost of ferry fares and
5 bridge, road, and tunnel tolls; an allowance of not to ex-
6 ceed 3 cents per mile for official travel in privately owned
7 automobiles by employees within the limits of their official
8 stations; reimbursement at not to exceed 5 cents per mile
9 to personnel serving without compensation from the United
10 States for expenses of travel performed by them in privately
11 owned automobiles away from their designated post of
12 duty; and photographing equipment: *Provided further,*
13 That all necessary expenses of providing representatives of
14 the Authority at the sites of non-Federal projects in con-
15 nection with the construction of such non-Federal projects
16 by public housing agencies with the aid of the Authority,
17 shall be reimbursed or paid by such agencies, and expendi-
18 tures by the Authority for such purpose shall be considered
19 nonadministrative expenses, and funds received from such
20 payments or reimbursements may be used only for the pay-
21 ment of all necessary expenses of providing representatives
22 of the Authority at the sites of non-Federal projects or for
23 administrative expenses of the Authority not in excess of
24 the amount authorized by the Congress.
25 (12) *Liquidation of resettlement projects: Not to exceed*

1 \$99,500 of the receipts derived from the operation of the
2 projects transferred under paragraphs 1 (g) and 6 of Exec-
3 utive Order 9070 of February 24, 1942 (7 F. R. 1529),
4 shall be available for necessary expenses in connection with
5 and to facilitate disposition of the improved or unimproved
6 lands in the suburban resettlement projects known as Green-
7 belt, Greendale, and Greenhills, pursuant to the provisions
8 of section 5 of the Emergency Relief Appropriation Act
9 of 1935 (49 Stat. 115), including temporary employment
10 of persons or organizations, by contract or otherwise with-
11 out regard to section 3709 of the Revised Statutes and the
12 civil-service and classification laws, for making surveys,
13 plans, and plats, and expenses of additions, alterations, and
14 improvements to streets and utilities.

15 Defense Homes Corporation: *Provided*, That not to ex-
16 ceed ~~(13)\$75,000~~ \$98,400 shall be available for administra-
17 tive expenses, which shall be on an accrual basis and which
18 expenses may include temporary employment of persons or
19 organizations, by contract or otherwise, for legal or other
20 special services, without regard to section 3709 of the
21 Revised Statutes and the civil-service and classification laws;
22 reimbursement for the cost of ferry fares and bridge, road,
23 and tunnel tolls; an allowance of not to exceed 3 cents per
24 mile for official travel in privately owned automobiles by
25 employees within the limits of their official stations; and

1 reimbursement at not to exceed 5 cents per mile to per-
2 sonnel serving without compensation from the United States
3 for expenses of travel performed by them in privately owned
4 automobiles away from their official stations: *Provided fur-*
5 *ther*, That such administrative expenses shall be exclusive
6 of interest paid, depreciation, properly capitalized expendi-
7 tures, repayment of loans, property operating expenses (in-
8 cluding project inventory), charges to surplus and operating
9 reserve, and cost of sales of commodities, services, and
10 property.

11 DEPARTMENT OF AGRICULTURE

12 Commodity Credit Corporation: (14) *The types of pro-*
13 *grams set forth in the 1947 budget of the Commodity Credit*
14 *Corporation, within the funds available to it are approved,*
15 *but the subsidy program shall be subject to the provisions*
16 *of H. R. 6042: Provided, That not to exceed (15) \$8,000,-*
17 *000 \$8,760,000 shall be available for administrative ex-*
18 *penses of the Corporation, including not to exceed \$400*
19 *for periodicals, maps, and newspapers, and not to exceed*
20 *\$30,000 for penalty mail: Provided further, That all neces-*
21 *sary expenses (including legal and special services performed*
22 *on a contract or fee basis, but not including other personal*
23 *services) in connection with the acquisition, operation,*
24 *maintenance, improvement, or disposition of any real or*
25 *personal property belonging to the Corporation or in which*

1 it has an interest, including expenses of collections of pledged
2 collateral, shall be considered as nonadministrative expenses
3 for the purposes hereof ~~(16):~~ *Provided further,* That none of
4 the fund made available by this paragraph shall be used for
5 administrative expenses connected with the sale of Govern-
6 ment-owned or Government-controlled stocks of farm com-
7 modities at less than parity price as defined by the Agri-
8 cultural Adjustment Act of 1938 or the comparable price
9 as provided by section 4 (a) of the Act of July 1, 1941,
10 as amended ~~(15 U. S. C. 713a-8)~~; and the method that
11 is now used for the purposes of Commodity Credit Cor-
12 poration loans for determining the parity price or its equiva-
13 lent for seven-eighths inch Middling cotton at the average
14 location used in fixing the base loan rate for cotton shall
15 also be used for determining the parity price for seven-
16 eighths inch Middling cotton at such average location for the
17 purposes of this proviso: *Provided further,* That the fore-
18 going shall not apply to the sale or other disposition of any
19 agricultural commodity substantially deteriorated in quality
20 ~~(or in the case of perishable fruits, vegetables, and animal~~
21 ~~products if there is danger of deterioration or of accumulation~~
22 ~~of stocks)~~ or sold for the purpose of feeding, or the extrac-
23 tion of peanut oil, or commodities disposed of for export
24 pursuant to section 21 (c) of the Surplus Property Act of
25 1944 ~~(Public Law 457)~~ or commodities sold to farmers

1 for seed or for new or byproduct uses, or commodities sold
 2 for the purpose of establishing claims against persons who
 3 have committed fraud, misrepresentations, or other wrong-
 4 ful acts with respect to such commodities: *Provided further,*
 5 That no wheat or corn shall be sold for feed at a price less
 6 than the parity price of corn at the time such sale is made:
 7 *Provided further,* That in making regional adjustments in
 8 the sale price of corn or wheat the minimum price need not
 9 be higher in any area than the United States average parity
 10 price of corn: *Provided further,* That the Secretary of the
 11 Treasury is hereby authorized and directed to discharge
 12 \$921,456,561 of the indebtedness of the Commodity Credit
 13 Corporation to the Secretary of the Treasury by canceling
 14 notes in such amount issued by the Corporation to the
 15 Secretary of the Treasury pursuant to section 4 of the Act of
 16 March 8, 1938, as amended (15 U. S. C. 713a-4) **(17)**: *Pro-*
 17 *vided further, That no part of any funds appropriated in*
 18 *this Act for the Commodity Credit Corporation shall be*
 19 *used, during the fiscal year ending June 30, 1947, to make*
 20 *any payments to other than domestic producers, under any*
 21 *subsidy program operation not in effect on the date of enact-*
 22 *ment of this Act.*

23 Federal Crop Insurance Corporation.

24 **(18)**Federal Surplus Commodities Corporation: *Provided,*
 25 That funds acquired by the Corporation as an agency of the

1 United States, other than funds transferred pursuant to the
 2 Act of June 28, 1937 (50 Stat. 323), shall remain avail-
 3 able to the Secretary of Agriculture for the purpose of
 4 liquidation and dissolution of the Corporation: *Provided,*
 5 *however,* That not to exceed \$40,000 of such funds may be
 6 expended for administrative expenses during the fiscal year
 7 1947.

8 Federal Farm Mortgage Corporation: *Provided,* That
 9 not to exceed (19)\$3,750,000 \$3,875,000 shall be available
 10 for administrative expenses of the Corporation, including em-
 11 ployment on a contract or fee basis of persons, firms, and cor-
 12 porations for the performance of special services, including
 13 legal services; use of the services and facilities of Federal land
 14 banks, national farm-loan associations, Federal Reserve banks,
 15 and agencies of the Government as authorized by the Act of
 16 January 31, 1934 (12 U. S. C. 1020-1020h): *Provided*
 17 *further,* That except for the limitation in amount herein-
 18 before specified the administrative expenses and other obliga-
 19 tions of the Corporation shall be incurred, allowed, and
 20 paid in accordance with the provisions of said Act of Janu-
 21 ary 31, 1934, as amended (12 U. S. C. 1016-1020h).

22 Federal Intermediate Credit Banks: *Provided,* That
 23 not to exceed (20)\$1,500,000 \$1,688,501 shall be available
 24 for administrative expenses.

25 Production Credit Corporations: *Provided,* That not to

1 exceed ~~(21)\$1,600,000~~ \$1,644,912 shall be available for
 2 administrative expenses.

3 Regional Agricultural Credit Corporation of Washington,
 4 District of Columbia: *Provided*, That not to exceed
 5 ~~(22)\$341,000~~ \$391,000 shall be available for administrative
 6 expenses.

7 DEPARTMENT OF COMMERCE

8 Inland Waterways Corporation: *Provided*, That not to
 9 exceed \$624,000 shall be available for administrative ex-
 10 penses, including not to exceed \$3,600 for penalty mail:
 11 *Provided further*, That no funds shall be used to pay com-
 12 pensation of employees, except vessel employees, at rates
 13 in excess of rates fixed for similar services under the pro-
 14 visions of the Classification Act of 1923, as amended, and the
 15 Federal Employees Pay Act of 1945, as amended: *Provided*
 16 *further*, That no funds shall be used to pay the compensation
 17 of vessel employees at rates in excess of rates prevailing in
 18 the maritime industry.

19 Warrior River Terminal Company: *Provided*, That not
 20 to exceed \$20,200 shall be available for administrative
 21 expenses.

22 DEPARTMENT OF THE INTERIOR

23 Virgin Islands Company: *Provided*, That not to exceed
 24 \$20,000 shall be available for administrative expenses.

DEPARTMENT OF JUSTICE

Federal Prison Industries: *Provided*, That not to exceed \$268,826 shall be available for administrative expenses.

DEPARTMENT OF STATE

(23) *The Institute of Inter-American Affairs: Provided*, That not to exceed \$700,000 shall be available for administrative expenses, and not to exceed \$4,000 shall be available for penalty mail.

(24) *Institute of Inter-American Transportation: Provided*, That not to exceed \$50,500 shall be available for administrative expenses and not to exceed \$100 shall be available for penalty mail.

Inter-American Educational Foundation, *Inc.: Provided*, That not to exceed \$350,000 shall be available for administrative expenses, and not to exceed \$2,000 shall be available for penalty mail.

Inter-American Navigation Corporation: *Provided*, That not to exceed \$3,200 shall be available for administrative expenses and not to exceed \$50 shall be available for penalty mail.

Prencinradio, Incorporated: *Provided*, That not to exceed \$11,000 shall be available for administrative expenses related to liquidation and not to exceed \$50 shall be available for penalty mail.

WAR DEPARTMENT

United States Spruce Production Corporation: *Provided*, That not to exceed \$10,000 shall be available for administrative expenses until January 1, 1947, and thereafter all administrative duties and responsibilities shall be assumed by such officers and employees of the War Department as the Secretary of War may designate and who shall receive no additional compensation for such duties: *Provided further*, That the Secretary of War shall take appropriate steps to secure the final dissolution and liquidation of the said corporation at the earliest practicable date.

TITLE III—GENERAL PROVISIONS

SEC. 301. Funds made available by this Act for administrative expenses shall be available, in addition to objects for which such funds are otherwise available, for personal services and rent in the District of Columbia or elsewhere; lawbooks, books of reference, periodicals, newspapers, and maps; printing and binding; examination of budgets and estimates of appropriations in the field; contract stenographic reporting services; travel expenses in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (except as to per diem rates outside continental United States), and the Act of February 14, 1931, as amended (5 U. S. C. 73a); and for the objects specified under the head "General pro-

visions" in title II of the Independent Offices Appropriation Act, 1947, all the provisions of which title (except section 211), unless otherwise specified in this Act, shall be applicable to the expenditure of such funds: *Provided*, That the head of any agency may exercise any authority vested in him by said title II through such subordinate or subordinates as he may designate for the purpose.

SEC. 302. No part of any funds of any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building at the seat of government primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 303. Funds of the corporations and agencies covered by the provisions of this Act shall be available for maintenance, operation, and repair of passenger automobiles and, except as otherwise provided herein, shall be available for purchase of passenger automobiles only for replacement of ~~(25) nonserviceable~~ vehicles.

SEC. 304. Any funds of, or available for expenditure by, any corporation or agency included in this Act, which are not subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act (Public Law 248, Seventy-ninth Congress) or other law,

1 shall be accounted for and audited in accordance with the
2 Budget and Accounting Act, as amended, and no such fund
3 shall be obligated or expended unless and until an appropriate
4 appropriation account shall have been established therefor
5 pursuant to an appropriation warrant or a covering warrant:
6 *Provided*, That this section shall not be so construed as to
7 modify or repeal any provision of any other law respecting
8 warranting, accounting for, and auditing of funds.

9 SEC. 305. No part of the funds of, or available for
10 expenditure by, any corporation or agency included in this
11 Act shall be used to pay the salary or wages of any
12 person who engages in a strike against the Government
13 of the United States or who is a member of an organ-
14 ization of Government employees that asserts the right
15 to strike against the Government of the United States, or
16 who advocates, or is a member of an organization that
17 advocates, the overthrow of the Government of the United
18 States by force or violence: *Provided*, That for the purposes
19 hereof an affidavit shall be considered prima facie evidence
20 that the person making the affidavit has not contrary to the
21 provisions of this section engaged in a strike against the
22 Government of the United States, is not a member of an
23 organization of Government employees that asserts the right
24 to strike against the Government of the United States, or
25 that such person does not advocate, and is not a member of

1 an organization that advocates, the overthrow of the Govern-
2 ment of the United States by force or violence: *Provided*
3 *further*, That any person who engages in a strike against
4 the Government of the United States or who is a member
5 of an organization of Government employees that asserts
6 the right to strike against the Government of the United
7 States, or who advocates, or who is a member of an organ-
8 ization that advocates, the overthrow of the Government of
9 the United States by force or violence and accepts employ-
10 ment the salary or wages for which are paid from any funds
11 available to any corporation or agency included in this Act
12 shall be guilty of a felony and, upon conviction, shall be fined
13 not more than \$1,000 or imprisoned for not more than one
14 year, or both: *Provided further*, That the above penalty
15 clause shall be in addition to, and not in substitution for,
16 any other provisions of existing laws.

17 SEC. 306. This Act may be cited as the "Government
18 Corporations Appropriations Act, 1947".

Passed the House of Representatives June 13, 1946.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

Passed the Senate with amendments June 29 (legis-
lative day, March 5), 1946.

Attest:

LESLIE L. BIFFLE,

Secretary.

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 1946

Ordered to be printed with the amendments of the
Senate numbered

APPROPRIATIONS FOR GOVERNMENT
CORPORATIONS AND INDEPENDENT
AGENCIES, 1947

The Senate resumed consideration of the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. McKELLAR. Mr. President, yesterday, at the direction of the committee, I offered an amendment, which is section 306, and the Senator from Ohio [Mr. TAFT], the Senator from Virginia [Mr. BYRD], and the Senator from Georgia [Mr. RUSSELL] felt that the amendment should be amended. If they have reached an agreement in that respect I wish they would suggest it.

Mr. TAFT. I had said I felt compelled to make a point of order against the amendment, and insisted upon the point of order.

The PRESIDING OFFICER. The point of order has been sustained.

Mr. TAFT. In lieu of the committee amendment, I therefore offer two amendments dealing with the whole subject.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 20, line 16, after the colon, it is proposed to insert:

The types of programs set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it are approved but the subsidy program shall be subject to the provisions of H. R. 6042.

On page 8, line 14, at the end of the paragraph, it is proposed to insert:

Provided further, That the subsidy program shall be subject to the provisions of H. R. 6042.

Mr. TAFT. Mr. President, I shall explain the first amendment. The amendment is on page 20, after the colon in line 16, to insert:

The types of programs set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it are approved but the subsidy program shall be subject to the provisions of H. R. 6042.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FERGUSON. House bill 6042 has become a law, has it not?

Mr. TAFT. House bill 6042 has just been vetoed by the President. However, I know of no way to frame the amendment except to refer to House bill 6042 as such for the present. Whether it will become law or not I do not know. If it does not become law, it will be necessary, I think, to pass some other general subsidy legislation. So that for the present I think all we can do is to refer to that bill. It is still in a state of suspended animation.

Mr. FERGUSON. The RECORD will at least show what we are talking about.

Mr. McKELLAR. It will not do any harm to make reference to the bill.

Mr. TAFT. I may explain, Mr. President, that the Byrd-Butler law provides that every corporation must submit a budget, but "the budget program shall

be a business-type budget, or plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the corporation may properly carry out its activities as authorized by law. The budget program shall contain estimates of the financial condition and operations of the corporation for the current and ensuing fiscal years and the actual condition and results of operation for the last completed fiscal year."

The budget program shall then be submitted by the President to Congress, and it is provided that "the budget programs transmitted by the President to the Congress shall be considered, and if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine."

The idea was that the Government corporations should set out the general scope of their activities, realizing that we could not hold them down, that we did not know exactly how they may operate.

The Commodity Credit Corporation, in the Budget for the year 1947, has submitted a budget which provides for its major activities, including the supply program, the foreign purchase program, the price support program, the commodity export program, and the subsidy program.

Those items are set out in fairly general terms, and the language which we here propose to adopt provides the general program which they have set forth. That was the only purpose of the Byrd-Butler Act. It was that they could not suddenly develop a brand new program with funds which conceivably might be authorized by some law, or that some law might be stretched to authorize, without having given any notice to Congress. So what we do in this amendment is simply to use the language suggested by the Commodity Credit Corporation itself in the Budget message, that the types of program set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it, are approved.

I think that carries out the purpose of the act and gives leeway for every activity of the Commodity Credit Corporation, except something brand new that no one ever heard of. Such an activity could not be engaged in without the approval of Congress.

The last proviso, that the subsidy program shall be subject to the provisions of House bill 6042, I think is necessary, because that bill contains rather specific figures on subsidies. Those figures and the RFC figures total about \$2,000,000,000. We have just passed a bill which limits subsidies to \$1,000,000,000. I presume that the amount will be still lower than that if the bill does not become a law. I think we should make it clear, in order to resolve the conflict, that this program should be subject to the provisions of the subsidy program which was worked out so carefully. So, Mr. President, I offer the amendment.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the first amendment offered by the Senator from Ohio.

The amendment was agreed to.

Mr. TAFT. Mr. President, I offer the second amendment, which deals with the RFC, on page 8, line 14, adding at the end of the paragraph the words: "*Provided further*, That the subsidy program shall be subject to the provisions of H. R. 6402."

The PRESIDING OFFICER. Without objection, the second amendment is agreed to.

The bill is open to further amendment.

Mr. GEORGE. Mr. President, I was not present when this bill was taken up. There is an item in the bill of \$3,000,000 to build a fertilizer factory. With as many defunct fertilizer factories as there are in the United States, as poor an industry as it is from the standpoint of earning capacity, I wish to place in the RECORD, at least for conference purposes, a brief statement. It had been my purpose to move to reconsider this amendment. I read the following telegram:

Reported Senate Appropriations Committee has inserted in the corporations appropriations bill an item of \$3,000,000 for TVA to build fertilizer plant at Mobile. This item has been rejected several times by the House and is reportedly not approved by the Budget. Mobile geographically not in TVA territory. Even if it were it would be outrageous for the Government to go into direct competition with fertilizer industry who are doing business and paying all forms of taxes both to the State and the Government for their support. * * * The Government can not run without taxes from private business and individuals. If they continue to go into competition from day to day with industry they deprive the Government of taxes and they will ultimately be without sufficient revenue with which to run.

Why it is necessary for the Government to build a fertilizer factory within TVA territory, or without TVA territory, passes my understanding. Anyone familiar with the fertilizer industry knows that it has been a low-earning industry for many years. Anyone knows that most of the fertilizer factories in this country have either got into great difficulty or have gone broke; and yet there is an effort to put the Government into an industry of this kind in competition with the enterprises which are trying to operate.

Mr. McKELLAR. Mr. President, will the Senator yield? I should like to state why the committee put the item in the bill.

Mr. GEORGE. Let me ask the Senator if it was approved by the Budget Bureau.

Mr. McKELLAR. No.

Mr. GEORGE. It was not recommended by the Bureau of the Budget?

Mr. McKELLAR. No; it was not. The reason why it was put in is that the evidence produced by Mr. O'Neal and others representing the American Farm Bureau Federation showed that there was a shortage of fertilizers, and had been a shortage for quite a while. This does not put the Government into the fertilizer business. It extends the Government's fertilizer business. As we all know, the Government has a large fertilizer plant at Muscle Shoals. This item simply adds a plant at Mobile, which is very close to the largest supply of phosphates that we now have, in Florida. The supply is even larger than the sup-

ply of phosphates in Tennessee. For that reason it was proposed to place the plant at Mobile, Ala. Mr. O'Neal, of the Farm Bureau Federation, appeared before the committee. He was greatly interested in the project. As we all know, this is one of the things in which the late Senator Bankhead took a very active interest. He succeeded in having the Senate approve the project on three occasions. The House has refused it each time, but the Senate has already approved it three times, and we felt that it should be recommended and approved this time. That is why the committee reported it.

Mr. GEORGE. Mr. President, I dislike to take issue with the Appropriations Committee, but I should like to make this statement in all kindness: The Appropriations Committee is exercising a very wide jurisdiction in the field of general legislation. It is not fair to the Senate. It is not fair to the Congress. It is not fair to the country to have this kind of thing going on. This is legislation, and if it were approved by the House an appropriation might be made for the project.

Mr. McKELLAR. Mr. President, will the Senator further yield?

Mr. GEORGE. I yield.

Mr. McKELLAR. It is true that during the war many items of legislation have been added to appropriation bills. I think that practice reached the limit during the war. It has been very materially decreased lately. I think it ought to be further decreased. I do not believe that we ought to legislate on appropriation bills if it is possible to avoid it. Whenever it has been done, it has been by unanimous consent, because any legislation on an appropriation bill is subject to a point of order. That has never been better illustrated than in connection with this bill. Yesterday, by direction of the committee, I offered an amendment which was subject to a point of order, and two Senators made the point of order. The amendment went out. On the other hand, the substance of what was proposed by that amendment, which was subject to a point of order, was offered a few moments ago by the Senator from Ohio [Mr. TART] and unanimously accepted. That is the way it has been done. It has been done by unanimous consent. I think there is too much legislation on appropriation bills. However, the practice is very carefully guarded. It can be done only by unanimous consent.

Mr. GEORGE. Mr. President, I am not quarreling with my distinguished friend from Tennessee; but what happens is that the Appropriations Committee reports all sorts of legislative proposals. We must do something about them, so we get together, and in lieu of what has been brought in we adopt something by unanimous consent, when nothing ought to have been brought in in the first instance.

I am advised—and I wish to make this statement before the bill is reported—that in the Labor Department appropriation bill, which will shortly be before us, the highly controversial bill to return the employment services to the States is virtually incorporated as it passed the Sen-

ate. It has not been agreed to by the House. The House has a different version of that bill. That bill is now, or should be, in conference. If such a provision is incorporated in the Labor Department appropriation bill I shall not hesitate to oppose it to the limit.

I merely want to emphasize what I am trying to point out as to one of the greatest evils into which we have fallen. Of course when there is placed in an appropriation bill and tied up with a great many other things in which all Members are interested, an item which ought not to be in it, then it becomes necessary to crawl around and by unanimous consent get it out by some means. We are almost powerless to vote it out; we are almost powerless to eliminate it in any other way.

The Appropriations Committee has its proper important function, but its function is not to legislate; and yet I unhesitatingly say that almost every appropriation bill is filled with legislative provisions. That ought not to be, and nobody but the Senate can protect itself.

I know about the fertilizer business, coming back to that. There is a shortage of fertilizer now, and let me tell the Senator from Tennessee why there is a shortage. There is a shortage of sulfuric acid which must be used in order to make a balanced fertilizer. There is a plant at Tuscaloosa, Ala., which was used by the Government to manufacture powder and which is now in a standby condition and fully equipped to make sulfuric acid. The only people who can operate that plant said they were willing to do it provided they would get a price on sulfuric acid that would enable them to pay the cost. They had to go to OPA to get a price. The Civilian Production Administration said, "O. K.; we are anxious to do it." They were cooperating 100 percent. The persons seeking to operate the plant went to OPA. OPA gave an even better price than they asked, but said that everything must be based f. o. b. on Copperhill, Tenn. That meant that at the other plants where the same company was producing, which plants would be nearer the consuming centers, the freight would be less, but they would have to charge the same freight to the farmers as was charged from Copperhill. Of course, no other governmental agency save the OPA would have been so indifferent to the facts and so blind to the realities as to have attached that sort of condition.

There is a shortage of fertilizer because the present factories and plants cannot be utilized, and therefore the Government must build another plant, take another taxpayer off the tax list, strip the Government more and more year by year of tax revenues, and strip the counties and the States also. If the Federal Government continues to move at the rate it is going, if the Federal Government pursues the course it is now pursuing, the time is near at hand when the great industries of this country will of necessity be federalized, because independent industries cannot compete with the Government, and we will have a system of national socialism.

OPA was appealed to. An effort was made to make plain to them what the

facts were, but they still have the problem there. They have had it for some time, and in the meantime the period in which fertilizers should be used is fast elapsing. It will do no good to get fertilizer in the wintertime when the crops that ought to have the fertilizer in the southeastern section have not been able to get it. Every time a Government factory is constructed to do what private enterprise can do, and is doing, it becomes more and more necessary for the Government to do the whole job. We are simply crippling private enterprise and at the same time professing that we are believers in private enterprise. I undertake to say there is no necessity for the building by the Government of a fertilizer plant at any point in Alabama or my State.

There was some reason for the fertilizer plant which was constructed in connection with Muscle Shoals because that plant was equipped to make nitrogen; it was equipped to make certain elements of fertilizer, and it was desired that experimentation should take place and that something be done through the Government that would illustrate whether it would be possible to make fertilizer by new methods and at cheaper prices. But now in this appropriation bill there is a \$3,000,000 appropriation which is not recommended by the Budget Bureau, but which the committee has simply reached out and put into it.

I suppose it would be useless to make a motion to reconsider it; but I am making these remarks so that the House committee will know that whatever they do with this item will certainly have some support in the Senate. Furthermore, I am making this statement for the purpose of letting our own Senate conferees know that when the bill comes back here, even in the form of a conference report, I may steadfastly object to it and oppose it, if it has this item in it.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. BROOKS. Mr. President, I am not going to offer an amendment but this bill carries a large appropriation for administrative expenses of RFC. To the RFC has been transferred the Rubber Reserve Corporation. I desire to point out to the Senate what our situation is in regard to rubber at the present moment.

During the war when the British, French, and Dutch could not defend their Pacific possessions and had great difficulty in sustaining themselves in their homelands, the American people, in their great anxiety, expended a large sum of money to create synthetic rubber plants where there could be produced more than 1,000,000 tons of synthetic rubber a year. When we, at great sacrifice of money and bloodshed, recaptured the possessions in the Pacific of the Dutch, the French, and the British, after we had given them tremendous amounts by way of lend-lease to sustain them, we had a contract with those countries to buy their raw rubber at 18½ cents a pound, but since the recapture of their possessions for them they are now asking us to pay 23½ cents a pound f. o. b. the far eastern ports. The OPA at the present moment—showing another ridiculous situation so far

as that agency is concerned—will not allow a price of more than 22½ cents a pound for raw rubber in this country. This means that the American taxpayer has to absorb the difference. Under the 18½ cents purchasing price we can lay it down here at 22½ cents a pound, but under the 23½ cents a pound f. o. b. the Pacific, we will continue to lose money and let these foreign countries that we saved through lend-lease and through our sacrifice of blood and lives and through the recapture of their empire, gouge us further to the extent of over \$32,000,000 a year. In that connection, I may say the British are taking the lead.

The other day there appeared in the Times-Herald an article by Mr. Frank C. Waldrop outlining and stating that:

A person who was a member of then Secretary of the Treasury Vinson's original staff for handling the British proposal for a \$4,400,000,000 loan discloses that Britain's claims of poverty are false, and recommends the loan be cut back accordingly.

I ask that the entire article be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A BUM DEAL

(By Frank C. Waldrop)

From within the United States Treasury comes news of official discovery that the British have kidded us again, and about big money.

A person who was a member of then Secretary of the Treasury Vinson's original staff for handling the British proposal for a \$4,400,000,000 "loan" discloses that Britain's claims of poverty are false, and recommends the loan be cut back, accordingly.

This analysis has been furnished to top governmental authorities. It is so important that we reprint it here in full without attempting to translate. It's plain enough, anyhow. Here it is, dated June 19:

"The British loan should be re-examined and cut down to size.

"Actual trade developments since VE-day—as distinguished from the guesstimates made by those responsible for negotiating the loan—now demonstrate that the British do not need anything like the sum agreed on by the negotiators.

"As of last August, the British claimed that in the first year following VE-day they would incur a balance of payments deficit of three billions and in the next 2 years a further deficit of two billions.

"The British estimate for the balance of payments in the crucial first year of transition was as follows (Mr. Clayton's testimony, Senate hearings, S. J. Res. 138P118):

[In billions of dollars]

	Imports	Exports
Minimum imports, austerity level...	5.2	-----
Commercial exports.....	-----	2.6
Net balance on war expenditures.....	1.3	-----
Net balance on invisible items.....	-----	.6
Total.....	6.5	3.2

Deficit: 3.3 billions of dollars.

"Ten months have now elapsed since VE-day and actual export and import figures are available against which to check the estimates made last August.

"British imports are actually running at a rate \$1,000,000,000 less than they estimated. On the other hand, British exports are running at a rate \$1,000,000,000 more than they estimated, thus reducing their estimated balance of payments deficit by \$2,000,000,000.

"No information is currently available as to the actual developments with respect to the net war expenditures or the net balance on invisible items, but both these are very probably more favorable than was estimated last August.

"Taking into account the actual flow of commodities it is perfectly clear that the balance of payments deficit in the first year after VE-day will amount not to the three and three-tenths billions assumed in August of last year, but to no more than and probably much less than one and three-tenths billions.

"This conclusion is confirmed by the British holdings of gold-and-dollar balances. During the last 10 months when the British expected a deficit in their balance of payments to cut sharply into their holdings of gold-and-dollar balances, nothing of that sort has occurred.

"According to British figures, their net holdings of gold-and-dollar balances at the end of the war amounted to \$1,840,000,000. The latest figures supplied by the British show that 9 months later their net holdings were still \$1,750,000,000.

"The decrease is accounted for by settlement of a Canadian account.

"It may be noted that as of April 1941 the British reported a net balance of gold-and-dollar exchange of zero.

"During the war and by reason of lend-lease and troop payments made to Americans throughout the empire their net balance of gold-and-dollar exchange increased to a level of approximately one and nine-tenths billions.

"There can be no doubt that during the war this country made a very powerful contribution to the improvement in the British gold-and-dollar-balance position.

"The loan should be referred back to committee and cut down in size.

"The figures cited above demonstrate the British balance of payments is actually very much more favorable than assumed by the administration when it negotiated the loan. If the loan was proper on the basis of the estimates made in August, it is obviously too large in the light of actual developments.

"The administration has failed to supply the committees of Congress with information showing the actual course of trade developments. This was not the only item on which they have failed to tell the whole story.

"They did not point out that Empire countries during the war enormously increased their holdings of gold and dollar balances. South Africa alone holds nine hundred millions—three times her prewar holdings. Nor did the administration indicate what it knew to be true, that the British liabilities to Empire countries would be substantially reduced.

"The British owe India four and five-tenths billion; Egypt, one and five-tenths billion; and Palestine, five hundred and fifty million. These sums, the administration has been informed, will be settled just as lend-lease was settled, at a small fraction of the nominal indebtedness.

"In the light of these considerations a cut in the British loan is clearly indicated. Indeed, there is reason to believe that quite apart from any loan or gift the British can receive all the assistance they may need in their balance of payment problem through the international fund.

"Through that fund, it may be recalled, the British can get, without any struggle at all, three hundred and fifty million every year to total one and three-tenths billion. If necessary they can, of course, receive much more than that."

There it is. Nobody in his right mind can misunderstand that memorandum. Nobody with the best interests of the United States at heart will ignore it.

The House of Representatives this week begins final consideration of that so-called

loan to Britain. The memorandum quoted in full above shows as plain as day why that loan is a bum deal for the United States of America.

Instead of merely cutting it down, Congress will throw the loan out entirely if it wants to serve America first. At any rate, just remember what you read here. If the loan goes through, there will be big trouble to follow—and never let it be said that we didn't know.

Mr. BROOKS. Mr. President, I wish to say that either we should not continue to let the British gouge us on the price of rubber, or we should deny the loan. They do not need both. I believe the figures to which I refer are authentic, and indicate that the British do not need \$3,750,000,000 at this time, and at the very most they would not need more than \$1,300,000,000, which was the figure we discussed during the debate.

In all fairness to the American people, the Treasury, having these figures at the present time, owes it to the American people to disclose them before it succeeds in getting the other House to approve, on the basis of a completely erroneous set of facts and circumstances, a loan to a foreign country, of the size which has been approved by the Senate.

I wish to protect further the closing of the synthetic-rubber plants of this country. We need to keep those plants in running order, so that the American people may be protected for all time to come, or at least until we see some signs of honest-to-God cooperation throughout the world.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6777) was read the third time, and passed.

Mr. McKELLAR. I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. HAYDEN, Mr. RUSSELL, Mr. OVERTON, Mr. THOMAS of Oklahoma, Mr. BROOKS, Mr. BRIDGES, and Mr. GURNEY, conferees on the part of the Senate.

NATIONAL SCIENCE FOUNDATION

The Senate resumed consideration of the bill (S. 1850) to promote the progress of science and the useful arts, to secure the national defense, to advance the national health and welfare, and for other purposes.

Mr. MEAD. Mr. President, this is a bill which was introduced by the senior Senator from West Virginia [Mr. KILGORE] and the senior Senator from Washington [Mr. MAGNUSON]. It has been referred to as the science bill. I should like to suggest that immediately after disposal of the bill the Senate take up Senate bill 1248, which is the so-called Fulbright bill. I believe that it would be well to have an understanding that both these bills be considered, because the consideration of them would point

out the fact that they are two different and separate proposals.

When Senate bill 1248 was discussed by the Senate once before, there was some confusion and misunderstanding on the part of some of the Members because it was assumed at that time that the bills were interrelated, that there was much in common between them, and that the enactment of one or the other might interfere with the progress of the remaining measure. It was suggested that the enactment of both bills would result in a duplication of effort. Therefore, it occurs to me that, in view of the fact that both bills are on the calendar, and that each represents widely separated objectives and has little in common with the other, we should have the Fulbright bill taken up after we have considered and disposed of the pending measure, provided, of course, that there is sufficient time within which to do that without interfering with consideration of the appropriation bills and other important legislative matters.

Mr. President, with reference to the Fulbright bill, which differs from the Kilgore-Magnuson bill in that it relates to applied science rather than to pure basic science, which is the objective of the Kilgore-Magnuson bill, I should like to make a few observations.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. TAFT. Am I to understand that the Senator was asking for unanimous consent that the Fulbright bill be now considered?

Mr. MEAD. No; I was not. I was merely suggesting the possibility of the consideration of both these measures, one as quickly after the other as practicable, in order to point out the fact that they are two different and entirely separate measures. Moreover, the discussion of one might be helpful in connection with the consideration of the other in the event that the Fulbright bill is brought up not too long after the Kilgore-Magnuson bill has been disposed of.

Mr. TAFT. I want to suggest that there are many important bills on the calendar. When the Fulbright bill was discussed in the Senate on a prior occasion it was pointed out by a number of Senators that there was no other bill which covered the same situation. If it is understood that there are two bills on the calendar, and that they are not related one with the other, but deal with separate objectives and that we should take them up as soon as we can possibly do so, one after another, it will have a tendency to clear up the misunderstanding.

Mr. President, with reference to the Fulbright bill, Senate bill 1248, I wish to leave with the Senate the following observations:

During the war, when we needed the full strength of small business to help win the war, the Congress provided for the creation of a Smaller War Plants Corporation. I believe that the Senate is familiar with the creation, operation, and administration of that Corporation.

Prior to that time the Senate authorized the appointment of a Special Com-

mittee to Study and Survey Problems of Small Business Enterprises. That committee has, in my judgment, served the Senate and country well. It has been of great service to small business in bringing it into the war effort and in keeping small business in a good wholesome, healthy, and economic condition insofar as it was possible to do so.

Small business came through during the war, and now in these difficult days of reconversion we should help small business get back to peacetime production.

That is one reason for my great interest in the Fulbright bill. This bill would make the fruits of modern science available to American business; it would go far toward insuring the continued vigor of our entire national economy.

This bill is founded on the recognition that is an age of science, American business, particularly small business, will starve at the roots if it cannot make use of the fruits of science. This bill would tap, for the benefit of business, the vast store of technological information now in the possession of the Government. It would put existing Government research facilities to work in the interest of business. It would help business to make use of new inventions, new products, and new processes.

Mr. President, as the result of the strain and stress of the Nation's war effort, there are a great many new processes in a great many fields. In various fields, by reason of the shortage of materials, new provisions were made. New devices were utilized, and new practices and new procedures were inaugurated. All those new developments can be made available to the little businessman and small manufacturer, no matter where he is located, if he has available to him a central headquarters where he can secure the necessary information and service.

Mr. President, as I said, it will help business make use of these new inventions, new products, and new processes.

Under the strain of the war, many new methods and processes came into being all over the world, and many of those processes which came into being in the occupied nations are now being brought into this country. They would be available to small business if we had the particular set-up which is proposed in the Fulbright bill. Many of them would improve small business in this country and make it more efficient.

The Fulbright bill, S. 1248, presents the first real attempt at this session of Congress to help the small businessman, and also the large businessman and the medium-sized businessman, through the maze of new scientific developments which can be applied to their business. The Fulbright bill is practical; it is sound and workable. It presents no conflict with the pending bill or with any other bill, and it has developed no real opposition.

The Fulbright bill recognizes that in this age of scientific complexity only a few of the largest corporations have the research facilities necessary for national and international leadership. Dr. Condon, the new Director of the Bureau of Standards, who previously was associate director of Westinghouse laboratories, has testified that even in an organiza-

tion as large as Westinghouse "the problem of adequately marshaling and bringing to bear all the available scientific and technical knowledge is extremely difficult."

If corporations as great in size as Westinghouse cannot marshal and bring to bear all the available scientific information, imagine the difficulties of the small businessman, the man without such laboratory facilities. I think it is an understatement, Mr. President, to say that the small businessman is confused and that the small businessman is handicapped. Even large corporations simply cannot afford to maintain the large laboratories and corps of technicians necessary to keep up with the pace of modern science; they often contract out their work. But work so handled is mostly inadequate and incomplete.

The Fulbright bill creates in the Department of Commerce an office of Scientific and Technical Services which will meet this problem and will be the agency of government which will collect and furnish technical information for the use of the businessman. It will not concern itself with pure science and its development. That will be taken care of by the pending bill, the so-called Kilgore-Magnuson bill. I wish to repeat that the Fulbright bill will not concern itself with pure science and its development. It will not concern itself with creative science and its activities. That is the function of the National Science Foundation which is created by the Kilgore-Magnuson bill, S. 1850, a bill which I favor, but which deals with an entirely different subject.

I wish to state definitely and categorically, Mr. President, that the Kilgore-Magnuson bill, S. 1850, is entirely different and apart from the Fulbright bill. The Fulbright bill has twice been brought up on the unanimous consent calendar in the Senate but both times it was sidetracked, due to misunderstanding and belief that it duplicated the Kilgore-Magnuson bill or dealt with the same subjects. The Kilgore-Magnuson bill, now being called up, establishes a National Science Foundation to coordinate and stimulate basic scientific research—and I stress the word basic—to be carried on by a number of Government agencies, by universities, and by private research laboratories. It will also provide scholarships and fellowships for training a larger number of young scientists. It will not concern itself in any way, in any shape, or in any form with the technical, applied, scientific problems of American businessmen.

Mr. President, during the war we developed a great deal of the lighter metals techniques. Aluminum and magnesium and lighter steel products were developed. All these techniques will be made available to the small manufacturers all over the United States if the Fulbright bill is enacted and if this agency to disseminate the information is created.

The National Science Foundation, Mr. President, which is provided for in the other bill, the Kilgore-Magnuson bill, will do no research of its own. It will operate entirely by means of research contracts. It will delegate to the Army the

July 2



DIGEST OF

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section.
(For Department staff only)

Issued July 3, 1946
For actions of July 2, 1946
79th-2nd, No. 129

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HIGHLIGHTS: House passed bill to authorize appropriations to continue farm-labor supply program for 6 months. House sent Government corporations appropriation bill to conference; instructed conferees not to agree to TVA fertilizer plant. House agreed to Senate amendment to bill to continue Land Bank Commissioner loans. Senate committees reported bills to: Provide for 2 more Assistant Secretaries of Agriculture; continue Federal administration of Agricultural Conservation program for 2 years; provide that future peanut allotments and quotas shall be at least as much as in 1941; prohibit 1947 cotton and peanut allotments and quotas; provide for Swan Island animal quarantine station; provide substantive authority for administrative-expense items in Independent Offices Appropriation Act. President approved bill to provide July 5 holiday.

HOUSE

1. **FARM-LABOR PROGRAM.** Passed without amendment H. R. 6828, to authorize appropriations for continuation of the farm-labor supply program until July 1, 1947 (p. 8286).

2. **GOVERNMENT CORPORATIONS APPROPRIATION BILL.** Reps. Mahon, Whitten, Gore, Jensen, and Ploeser were appointed conferees on this bill, H. R. 6777 (p. 8310). Senate conferees were appointed June 29.

Agreed, 161-148, to a motion by Rep. Rich, Pa., to instruct the House conferees not to agree to the provision for a \$3,000,000 TVA fertilizer plant (pp. 8300-10). 8269).

3. **PERSONNEL.** Passed without amendment S. 2335, to authorize department heads to excuse employees on July 5, 1946, if they work an equal number of hours at some other time during the month (pp. 8274-5). This bill was approved by the President later in the day (public-law number not yet available).

4. **FARM CREDIT.** Agreed to the Senate amendment to H. R. 6477, to authorize continuation of Land Bank Commissioner loans until July 1, 1951; to limit such loans to refinancing for the period July 1, 1946, to July 1, 1951, except as may be otherwise specified by Congressional resolution; and to authorize repayment to the Treasury of capital in excess of that necessary to carry on the functions of the Federal Farm Mortgage Corporation (p. 8270). This bill will now be sent to the President.

5. **FORESTRY.** Passed without amendment H. R. 6298, to authorize exchange of mineral rights reserved on the Vesuvius watershed in the Little Scioto and Symmes Creek Purchase Units, Ohio, and owned by the Mineral Products Co. and others, for

surface rights of equal value owned by the U. S. in other lands that do not drain into Vesuvius Lake (pp. 8275-6).

Passed over H. R. 1392, to provide for reseeding forest lands, on the objections of Reps. Kean, Cunningham, and Rich (p. 8273).

6. WAR DEPARTMENT MILITARY APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6837 (pp. 8311-6).

7. PRICE CONTROL. Rep. Case, S. Dak., said the increased livestock receipts in the stockyards are "an interesting postscript to some of yesterday's wild alarms" (p. 8269).

Rep. Cole, Mo., inserted telegrams commending elimination of price controls (p. 8272).

Rep. Patman, Tex., spoke in favor of "preventing inflation" and increasing taxes to balance the budget (pp. 8291-2).

SENATE

8. ASSISTANT SECRETARIES OF AGRICULTURE. The Senate Agriculture and Forestry Committee reported without amendment S. 1923, to provide for two additional Assistant Secretaries of Agriculture (S. Rept. 1638) (p. 8211).

9. MARKETING; PEANUTS. The Agriculture and Forestry Committee reported without amendment H.J.Res. 359, to prohibit the proclaiming of marketing quotas on peanuts for the calendar year 1947 or the establishment of National, State, or farm acreage allotments for peanuts for the 1947 crop (S. Rept. 1643) (p. 8211).

The Agriculture and Forestry Committee reported without amendment H.R. 5958, to provide that future marketing quotas and acreage allotments of peanuts for each State shall be at least that for 1941 (S. Rept. 1640) (p. 8211).

10. ANIMAL QUARANTINE. The Agriculture and Forestry Committee reported without amendment H.J.Res. 364, to provide for establishment of an international animal-quarantine station on Swan Island, and to permit the entry therein of animals from any country and the subsequent importation of such animals into other parts of the U.S. (S. Rept. 1644) (p. 8211).

11. AGRICULTURAL CONSERVATION PROGRAM. The Agriculture and Forestry Committee reported without amendment H.R. 6459, to continue Federal administration of the Soil Conservation and Domestic Allotment Act from Jan. 1, 1947, to Jan. 1, 1949 (S. Rept. 1641) (p. 8211).

12. PERSONNEL; CLAIMS. The Expenditures in the Executive Departments Committee reported without amendment H.R. 6532, to permit department and agency heads to designate disbursing officers to make payments of claims directly to Government employees and former employees for the difference between rates and overtime, leave, and holiday compensation computed at night rates pursuant to Comptroller General decisions (S. Rept. 1645) (p. 8211).

13. COTTON. The Agriculture and Forestry Committee reported without amendment H.J. Res. 336, to prohibit 1947 cotton marketing quotas and acreage allotments (S. Rept. 1642) (p. 8211).

14. ADMINISTRATIVE EXPENSES. The Expenditures in the Executive Departments Committee reported with amendments (H.R. 6533, to provide substantive authority for general provisions now carried in the Independent Offices Appropriation Act on an annual basis, with modifications (S. Rept. 1636) (p. 8211).

House of Representatives

TUESDAY, JULY 2, 1946

The House met at 11 o'clock a. m.
Rev. E. Jerome Winter, pastor of St. Stephen's Church, Washington, D. C., offered the following prayer:

Merciful Father, Saviour of mankind, relying on Thy infinite goodness and infallible promise to assist those who have recourse to Thee, we implore the light and guidance of Thy divine wisdom on these Thy servants, who have assembled here to engage in momentous deliberations calculated to bring peace and happiness to our beloved country in these days when confusion and turmoil as well as inordinate greed for expansion and dominion take possession of the minds of men. Thou, who are the physician of man's soul, heal, we beseech Thee, the evil that torments men; give them grace and strength and courage to continue faithful in the discharge of their duties to Thee and to each other. Illumine their minds to know and understand what is for the best interest of our people and their eternal good.

Bless these, our representatives before the world, that they may be filled with the spirit of Christ and labor earnestly for the spread of His kingdom of peace on earth to men of good will.

Come, O Holy Spirit, fill the hearts of these Thy servants and kindle within them the fire of love and knowledge that they may know how to discern the true from the false and unwaveringly obey the dictates of Thy holy inspirations. O Eternal Father, unite all minds in truth and all hearts in charity. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5991. An act to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Farmers' Home Corporation, by authorizing Government insurance of loans to farmers, by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. RUSSELL,

Mr. STEWART, Mr. CAPPER, and Mr. AIKEN to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6056) entitled "An act making appropriations for the Departments of State, Justice, Commerce, and the Judiciary for the fiscal year ending June 30, 1947, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 8, 46, 50, 57, and 74 to the foregoing bill.

EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in two instances and include excerpts in each.

Mr. ROBERTSON of North Dakota asked and was given permission to extend his remarks in the RECORD and include a statement from the Conference of Small Business Organizations.

PERMISSION TO ADDRESS THE HOUSE

Mr. ROBERTSON of North Dakota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

[Mr. ROBERTSON of North Dakota addressed the House. His remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. HOEVEN asked and was given permission to extend his remarks in the RECORD and include an article by David Lawrence.

Mr. PLUMLEY asked and was given permission to extend his remarks in the RECORD in three instances and in one instance to include clippings from a newspaper.

Mr. CANFIELD asked and was given permission to extend his remarks in the RECORD and include two telegrams from constituents.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an editorial from the Bristol Courier of Friday evening, June 28, entitled "Political Action."

Mr. ROE of Maryland asked and was given permission to extend his remarks in the RECORD and include a news item from the Salisbury Times of Salisbury, Md.

PERMISSION TO ADDRESS THE HOUSE

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

LIVESTOCK RECEIPTS AT MIDWESTERN STOCKYARDS

Mr. CASE of South Dakota. Mr. Speaker, a little item received over the ticker in the press gallery provides an interesting postscript to some of yesterday's wild alarms. The dispatch is dated Chicago and reads as follows:

Hogs and cattle poured into major midwestern stockyards today, with early hog receipts at Chicago Stockyards the largest since January 9, 1945. Prices dropped \$2 to \$3 under the high of Monday.

Early hog receipts at Chicago were 19,000, up 15,000 from the previous day and up 18,000 from last Friday, the last full day's operations under OPA ceilings.

Cattle receipts were 9,500, up 7,000 from yesterday and up 8,700 higher than Friday.

Whether the sharp upsurge in receipts will continue was a matter for debate among market experts. It was noted that the early top for hogs was \$16 a hundredweight, about \$2.50 under the best prices of the previous day. The market was slow.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PUTTING THE GOVERNMENT INTO BUSINESS

Mr. RICH. Mr. Speaker, yesterday I objected to a request to agree to a conference on the Government corporations and independent agencies appropriation bill for 1947. My reason was that it seems to me pretty tough that the House of Representatives should be confronted with the situation that it does not have the opportunity to consider the building of a fertilizer plant at Mobile, Ala., at cost of \$3,000,000 or more or the construction of dams by the Tennessee Valley Authority, things that put the Government into business, things whose ultimate outcome is communism. There is no reason why the House of Representatives should not have the opportunity to vote on whether it wants to construct a fertilizer plant or whether it does not. That is the question we should give our attention to today. Private industry can furnish the farmers with all the fertilizer they want at prices cheaper than the Government can do the job. This proposal of the Government going into the fertilizer business is one more step toward communism.

PERMISSION TO ADDRESS THE HOUSE

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks and include a table of my own.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

[Mr. STEFAN addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ELECTIONS IN POLAND

Mr. FLOOD. Mr. Speaker, the attention of the State Department and of the western nations has been directed in the past 24 hours to the conduct of certain types of elections in Poland under the auspices of the so-called Polish Government. I take this time, Mr. Speaker, to suggest that in view of the fact that, contrary to the Russian suggestion, there has been no civil war in the conduct of these elections, and the Polish people are ready and capable for elections, the time has come for immediate elections to be held in Poland to be known as the parliamentary elections for that Government, so that the people of Poland can indicate by a free election their desire for a democratic form of government.

PERMISSION TO ADDRESS THE HOUSE

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

BRITISH BRUTALITIES IN PALESTINE

Mr. CELLER. Mr. Speaker, Britain again shows her true colors. She has closed the Jewish agency and imprisoned four senior Jewish leaders in Palestine, together with 2,000 others. The British Labor Party has raided the Jewish labor office and seized its leaders. Thus British labor compensates Jewish labor.

Britain held De Valera. She held and tortured our own Revolutionary compatriots, but nonetheless the United States and Ireland became independent. She seized Gandhi and Nehru, but her cruelties availed her naught. India's freedom is imminent. The incarceration of Jewish leaders will only cover Britain's hands with the blood of more Jewish martyrs and strengthen the Jewish resistance movement. Britain refuses to learn and profit by history.

The British tear gas and bayonet their way into innocent Jewish settlements and renew black and tan brutalities, as in Ireland. Sir Alan Cunningham, high commissioner, is like the hated General Dyer, and would repeat in Palestine the horrifying Amritsar massacre, as in India.

Britain staged these raids without consultation with our administration and at a time when President Truman's agents were conferring with the British on Pal-

estine. Thus Britain offers insult to our President. She says, in effect, "We will talk to you but do not give a fig for your views. We will scourge and purge the Jews in Palestine, notwithstanding."

EMERGENCY FARM MORTGAGE ACT

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 6477, an act to amend section 32 of the Emergency Farm Mortgage Act of 1933, as amended, and section 3 of the Federal Farm Mortgage Corporation Act, as amended, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 19, after "Federal", insert "Farm."

Page 3, line 1, strike out "Agriculture and forestry" and insert "Banking and Currency."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. HOPE. Mr. Speaker, reserving the right to object, these amendments are merely clerical in their nature?

Mr. FLANNAGAN. Yes.

Mr. HOPE. They in no way affect the merits of the bill?

Mr. FLANNAGAN. They do not in any way affect the merits of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

EMPLOYEES OF THE HOUSE OF REPRESENTATIVES

Mr. ELLIOTT. Mr. Speaker, I offer a privileged resolution (H. Res. 90) from the Committee on Accounts and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective February 1, 1945, there shall be paid out of the contingent fund of the House, until otherwise provided by law, additional compensation to the clerk for the minority members of the Committee on Ways and Means at the rate of \$1,000 per annum so long as the position is held by the present incumbent.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADJUSTING SALARIES OF CERTAIN EMPLOYEES OF THE HOUSE OF REPRESENTATIVES

Mr. ELLIOTT. Mr. Speaker, I offer a privileged resolution (H. Res. 691) from the Committee on Accounts and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective July 1, 1946, the Clerk of the House be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, until otherwise provided by law, additional compensation per annum, payable monthly, to certain employees of the House, as follows:

OFFICE OF THE SERGEANT AT ARMS

Two bookkeepers, the sum of \$120 each; stenographer, the sum of \$150.

Capitol Police force under the Sergeant at Arms: To the three lieutenants, the sum of \$200 each; 1 special officer, the sum of \$200; 5 sergeants, the sum of \$200 each; 64 privates, the sum of \$200 each.

OFFICE OF THE POSTMASTER

To the assistant postmaster, the sum of \$200; 2 registry and money-order clerks, the sum of \$200 each; 40 messengers (including 1 to superintend transportation of mails), the sum of \$200 each.

OFFICE OF THE CLERK

To the enrolling clerk, the sum of \$200; assistant enrolling clerk, the sum of \$400 additional as assistant to the Clerk of the House, in addition to that which he is now receiving, so long as the position is held by the present incumbent; chief bill clerk, the sum of \$260; locksmith and typewriter repairer, the sum of \$240; messenger and clock repairer, the sum of \$160; first laborer, now receiving \$1,440 per annum, the sum of \$160.

OFFICE OF THE DOORKEEPER

To the special employee the sum of \$300; superintendent of the House Press Gallery the sum of \$160; first assistant to the superintendent of the House Press Gallery the sum of \$200; second assistant to the superintendent of the House Press Gallery the sum of \$180; superintendent of the House Radio Press Gallery the sum of \$700; messenger of the House Radio Press Gallery the sum of \$340; chief janitor \$200, so long as the position is held by the present incumbent to be in addition to that now provided by law during the present incumbency; 30 messengers, including 14 on soldiers' roll, the sum of \$160 each; superintendent of the folding room \$200 so long as the position is held by the present incumbent to be in addition to that now provided by law during the present incumbency; foreman of the folding room the sum of \$160; two chief pages the sum of \$420 each, two telephone pages the sum of \$120 each; two floor managers of telephones (one for the minority) the sum of \$220 each, so long as the respective positions are held by the respective present incumbents to be in addition to that now provided by law during the present incumbencies; two assistant floor managers in charge of telephones (one for the minority) the sum of \$400 each; assistant superintendent of the document room the sum of \$440; clerk of the document room the sum of \$280.

SPECIAL AND MINORITY EMPLOYEES

To the one minority employee whose compensation is now prescribed by law at \$3,450 the sum of \$300 and \$50 additional so long as the position is held by the present incumbent to be in addition to that now provided by law during the present incumbency; the two minority employees whose compensation is now prescribed by law at \$3,500 each, the sum of \$300 each; the one minority employee whose compensation is now prescribed by law at \$3,900 the sum of \$200.

OFFICIAL REPORTERS OF DEBATES

To the clerk the sum of \$500; six expert transcribers the sum of \$300 each.

OFFICIAL REPORTERS TO COMMITTEES

To the six expert transcribers the sum of \$300 each.

SEC. 2. That effective July 1, 1946, there shall be paid out of the contingent fund of the House, until otherwise provided by law, compensation at the rate of \$1,260 per annum each for the employment of three additional laborers in the Office of the Doorkeeper.

SEC. 3. That effective July 1, 1946, there shall be paid out of the contingent fund of the House, until otherwise provided by law, an additional sum not to exceed \$5,000 dur-

passed, and a motion to reconsider was laid on the table.

RELIEF OF CERTAIN POSTAL EMPLOYEES

The Clerk called the bill (S. 2107) for the relief of certain postal employees.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General is authorized and directed to approve payment of vouchers submitted by postal employees for travel performed during the fiscal years 1944, 1945, and 1946 as a result of their transfer from one post office to another by direction of the Postmaster General in those instances where the Postmaster General determined that the transfer was in the interest of the Government, notwithstanding that the expenses of travel were not authorized in the order directing the transfer and the travel order authorizing the expenses of travel was issued retroactively after the travel had been performed: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MIAMI HERALD, KEY WEST CITIZEN, AND THE MIAMI DAILY NEWS

The Clerk called the bill (S. 2292) for the relief of the Miami Herald, the Key West Citizen, and the Miami Daily News.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$139.23 to the Miami Herald; the sum of \$66.14 to the Key West Citizen; and the sum of \$293.55 to the Miami Daily News, all of the State of Florida, in full settlement of all claims against the United States for newspaper advertising contracted by the Navy Department during the period of September 13, 1942, and May 1, 1943: *Provided,* That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

J. L. HARRIS

The Clerk called the bill (H. R. 2222) for the relief of J. L. Harris.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill.

Mr. MCGREGOR. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

WILMA E. BAKER

The Clerk called the bill (H. R. 3043) for the relief of Wilma E. Baker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Wilma E. Baker, the sum of \$3,879.70, in full settlement of all claims against the United States for personal injuries sustained by her on August 17, 1944, near Tigard, Oreg., when the car in which she was traveling was struck by a trailer being used and operated at this time by the United States War Food Administration.

With the following committee amendment:

Page 1, line 6, strike out "\$3,879.70" and insert "\$2,379.70."

Mr. SPRINGER. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read, as follows:

Amendment offered by Mr. SPRINGER to the committee amendment: Strike out "\$2,379.70" and insert "\$1,579.70."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KAY TOMLINSON ET AL

The Clerk called the bill (H. R. 3742) for the relief of Kay Tomlinson and Larry Max Tomlinson.

There being no objection the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$18,202.20, to the legal guardian of Kay Tomlinson and Larry Max Tomlinson, of Ropesville, Tex., in full settlement of all claims against the United States for the death and burial expenses of their father and mother, John Ferris Tomlinson and Lela May Tomlinson, and for personal injuries sustained by Kay Tomlinson and Larry Max Tomlinson as a result of an accident involving a United States Army vehicle at the intersection of Twenty-fourth and K Streets, Sacramento, Calif., on January 14, 1945: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendment:

Page 1, line 5, strike out "the" through "1945", line 3, page 2, and insert the following: "to Burgess C. Moore, of Ropesville, Tex., as administrator of the estate of Lela May Tomlinson, deceased, the sum of

\$2,074.43, and to Burgess C. Moore, as legal guardian of Kay Tomlinson, a minor, the sum of \$3,600, and as legal guardian of Larry Max Tomlinson, a minor, the sum of \$2,660, in full settlement of all claims against the United States on account of the personal injury and death of Lela May Tomlinson and the medical, hospital, and burial expenses incurred incident thereto, and the personal injuries sustained by Kay Tomlinson and Larry Max Tomlinson, minors, and the medical and hospital expenses incurred for the treatment of such injuries, all resulting from an accident involving an Army vehicle which occurred in Sacramento, Calif., on January 14, 1945."

Mr. DOLLIVER. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLLIVER to the committee amendment: Page 2, line 6, strike out "\$2,074.43" and insert in lieu thereof "\$1,074.43."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Burgess C. Moore, as administrator of the estate of Lela May Tomlinson, deceased, and as legal guardian of Kay Tomlinson and Larry Max Tomlinson, minors."

A motion to reconsider was laid on the table.

ROBERT JUNE

Mr. MCGREGOR. Mr. Speaker, I ask unanimous consent to return to Private Calendar No. 1010, which covers the bill (H. R. 228) for the relief of Robert June, Report No. 2187, and ask for its immediate consideration.

The SPEAKER. The Chair does not quite understand the gentleman's request.

Mr. MCGREGOR. Mr. Speaker, this refers to H. R. 228, Report No. 2187.

The SPEAKER. The gentleman asks unanimous consent for the immediate consideration of the bill?

Mr. BARDEN. Mr. Speaker, I am wondering if the gentleman does not wish to ask unanimous consent that that bill be restored to the calendar? It is not on the calendar at this time.

Mr. MCGREGOR. I was hoping it might be restored to the calendar and be called up for immediate consideration so that it can get over to the Senate for further consideration. If there is objection, I will be glad to ask unanimous consent to have it restored to the calendar.

The SPEAKER. Is there objection to the request of the gentleman from Ohio that the bill be restored to the Private Calendar?

There was no objection.

Mr. BARDEN. Mr. Speaker, that concludes the call of bills on the Private Calendar.

CALL OF THE HOUSE

Mr. GORE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. GORE. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 195]

Adams	Fernandez	Murray, Wis.
Allen, Ill.	Fuller	Norrell
Andresen	Gardner	Norton
August H.	Gibson	O'Neal
Andrews, N. Y.	Gifford	Pace
Baldwin, Md.	Gillespie	Patrick
Baldwin, N. Y.	Gossett	Patterson
Barry	Granger	Peterson, Ga.
Bates, Mass.	Grant, Ala.	Pfeifer
Bell	Hagen	Ploesser
Bloom	Hancock	Powell
Bonner	Harness, Ind.	Price, Fla.
Boren	Harris	Rains
Boykin	Hébert	Rankin
Bradley, Mich.	Hoffman, Mich.	Rayfiel
Bradley, Pa.	Hollifield	Reece, Tenn.
Bulwinkle	Horan	Robinson, Utah
Byrne, N. Y.	Izac	Rodgers, Pa.
Camp	Jennings	Roe, N. Y.
Cannon, Mo.	Johnson	Rooney
Celler	Luther A.	Russell
Chenoweth	Johnson	Sheppard
Clements	Lyndon B.	Sheridan
Clippinger	Johnson, Okla.	Sikes
Cochran	Kearney	Slaughter
Coffee	Kefauver	Stewart
Cole, Kans.	Kelley, Pa.	Stigler
Colmer	Kilburn	Sumner, Ill.
Courtney	LeCompte	Tarver
Cox	Lesinski	Taylor
Crawford	Luce	Thomas, N. J.
Curley	Ludlow	Thomas, Tex.
Daughton, Va.	McGehee	Tolan
Dawson	McGlinchey	Torrens
De Lacy	McKenzie	Vinson
Doyle	Mahon	Welch
Drewry	Mankin	West
Earthman	Mansfield	Wickersham
Eberharter	Mont	Winstead
Ellsworth	Mansfield, Tex.	Wolfenden, Pa.
Elsaesser	May	Wood
Engel, Mich.	Miller, Calif.	Worley
Fellows	Morrison	

The SPEAKER. On this roll call 306 Members have answered to their names; a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the RECORD.

Mr. CELLER asked and received permission to extend his remarks.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2345. An act to provide for the retention by the United States Government or its agencies or instrumentalities of real and personal property within the Philippines now owned or later acquired and for the administration of the Trading With the Enemy Act of October 6, 1917, as amended, in the Philippines, subsequent to independence.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 5933) entitled "An act to authorize and direct the Board of Education of the District of Columbia to establish and operate in the public schools and other suitable locations a system of nurseries and nursery schools for day care of school-age and under-school-age children, and for other purposes," disagreed to by the House; agrees to the

conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HOEY, Mr. HUFFMAN, and Mr. SMITH to be the conferees on the part of the Senate.

The message also announced that the President pro tempore has appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agencies:

1. Department of Commerce.
2. Department of the Interior.
3. Department of Justice.
4. Department of the Navy.
5. Department of the Treasury.
6. Department of War.
7. Federal Power Commission.
8. National Archives.
9. Petroleum Administration for War.
10. Reconstruction Finance Corporation.
11. Selective Service System.

HOOR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947—SENT TO CONFERENCE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, disagree to the amendments of the Senate and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RICH. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. RICH moves to instruct the conferees on the part of the House not to agree to those parts of Senate amendments Nos. 1, 2, and 3, relating to the construction of a fertilizer-manufacturing plant at or near Mobile, Ala., and to reduce the amount specified in said amendments at least by \$3,000,000, from \$46,572,000 to not more than \$43,572,000.

Mr. COOLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COOLEY. Do the rules of the House permit a discussion of the motion just made?

The SPEAKER. It is debatable under the 1-hour rule.

Mr. COOLEY. Mr. Speaker, I ask for recognition.

The SPEAKER. The gentleman from Mississippi has the floor.

Mr. WHITTEN. I yield 30 minutes to the gentleman from Iowa, but first would like to discuss the matter myself.

Mr. CANNON of Missouri. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CANNON of Missouri. Has the conference been agreed to?

The SPEAKER. The House has agreed to send the bill to conference, but conferees have not been appointed.

The gentleman from Mississippi is recognized.

Mr. WHITTEN. Mr. Speaker, I yield myself 10 minutes.

Mr. COOLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COOLEY. Do I understand that conferees have not yet been appointed?

The SPEAKER. The conference has been agreed to, but the Chair has not appointed conferees.

This motion is in order between the time the conference is agreed to and conferees are appointed.

The gentleman from Mississippi is recognized for 10 minutes.

Mr. WHITTEN. Mr. Speaker, the effect of this motion which has been made by the gentleman from Pennsylvania is to instruct the House conferees to disagree with the Senate on a provision written into the appropriation bill for Government corporations whereby the Senate provided the sum of \$3,000,000 for the construction of a fertilizer plant at Mobile, Ala., by the TVA. This is a subject matter that may be new to the membership this afternoon, but it is not new to the Congress.

Congress approved the construction of this plant for the fiscal year 1943, again in 1944, and again in 1945. The only reason the plant was not built was due to the fact that the War Production Board turned it down on the use of strategic materials and equipment.

The Senate has added this appropriation at this time and they had exhaustive hearings on it.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I should like to complete my statement, then I shall be pleased to yield.

We find that the question of an adequate supply of fertilizer is one that has burdened this country for many years. Under the original TVA Act, the Tennessee Valley Authority is charged with the responsibility of promoting the better uses of fertilizer and with experimentation and exploration in the field of fertilizer use. In addition to that, it is given the authority to construct at Muscle Shoals and elsewhere plants for the manufacture of fertilizer and making it available to the American farmers.

At Muscle Shoals we have seen the beneficial results of the TVA in the manufacture of fertilizer. We have had a pilot plant there engaged in the production of nitrate fertilizers and some phosphates. The TVA has used the production from that plant for experimental uses throughout the United States in practically every area. Use of fertilizer

has increased in every area where such experiments have been conducted.

We find that in the use of nitrate fertilizers there has continually been an inadequate supply. We find, further, that many people did not know of the value of the use of fertilizers. We find after the TVA was put in the nitrate field and they started to make experimental use of it in all States of the Union, the demand for fertilizer increased many times, increasing the market for commercial concerns. We find also that through their experimentation and their research and by the development of chemical nitrates that the cost of the chemical nitrate fertilizer has decreased down to about 55 percent in 1944 of what the cost of that fertilizer was in 1925, you may say almost altogether as a result of the experimentation of the TVA.

With regard to phosphate fertilizers we find that the phosphate fertilizers have not kept up the pace with the nitrates. We find that this is an industry that is almost 100 years old and that the same practices are followed today as were used almost 25 years ago so far as the manufacture of phosphate fertilizers is concerned.

This plant that is attempted to be set up here is to be placed there largely to meet the needs of the great Midwest, the area of our country that is so sadly lacking in fertilizers, and particularly in phosphates that are needed by the soil. The record shows that a total of 1,669,064 tons of phosphoric acid were removed from the soil of the Nation in 1943. Only 20 percent of the phosphoric acid removed from the soil was replaced through commercial fertilizer.

We find in the Midwest area that the State of Ohio replaced about 89 percent of the fertilizer taken out by the use of crops, Indiana 71 percent, Illinois only 11 percent was replaced, Michigan 7 percent, Minnesota 5 percent, Iowa only 3 percent of the phosphoric acid taken out from the soil for the planting of crops was replaced, 21 percent in Missouri, 1 percent in North Dakota, three-tenths of 1 percent in South Dakota, eight-tenths of 1 percent in Nebraska, and 3.9 percent in Kansas.

The question may be asked as to why this plant should be located at Mobile. As contrasted with nitrate fertilizers, which can be made chemically, phosphate fertilizers must be made from the native phosphate rock. There must be access to the phosphate rock from which phosphate fertilizers are made. The greatest supply known in the United States of phosphate rock is in Florida. Mobile, Ala., is on a water route to the supply of the raw material, which is in Florida. By having this plant at Mobile, which is on the Warrior River, it has easy access to the coke around Birmingham, of which a tremendous supply must be made available. So we say that by placing the plant at Mobile under the TVA, which has done such a wonderful work in the field of providing nitrate fertilizers to the American farmer at 55 percent of the former cost, we can make the same progress in reducing the cost of phosphate fertilizer by putting this plant at Mobile.

This great western area which grows more than 50 percent of the food of this Nation will have access to the production of this plant at Mobile by water transportation up the Mississippi so as to make it available to this great midwestern area of our country.

There is another reason why this should be done. The record shows that the old-line commercial companies for years have been making superphosphate, which contains about 16 percent phosphate of actual food value that we want to go to the crops of the country.

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Tennessee.

Mr. GORE. The gentleman has said that the so-called superphosphate has a 16 percent plant content. Will the gentleman explain just what this 100-pound bag of 16-percent phosphate contains other than plant food?

Mr. WHITTEN. I thank the gentleman for his suggestion.

The average bag of superphosphate contains only 16 percent of the food value that you want, so if you buy a 100-pound bag of superphosphate you get 16 pounds of food value, the balance is other substances in many cases, sand or filler of no benefit to the soil.

Under the leadership of the TVA activities at Muscle Shoals they have developed a double superphosphate with a food value content of about 33 or 34 percent. At Muscle Shoals and elsewhere the TVA has developed a triple superphosphate which has a food value content of approximately 49 percent. When you buy ordinary fertilizer you either get it in a mixture where, perhaps, the other elements are not needed or desired as you obtain a fertilizer that is filled with ballast, sand, or some other foreign matter, for which the average farmer has no use whatever. That is the kind of mixed fertilizer that is made available to the farmers of this country, and it means that you must pay the freight on a bag of this so-called mixture when only 16 to 32 percent of it is real food value which you want to buy.

The record shows, according to the testimony of representatives of the Farm Bureau Federation from Minnesota and from Iowa that with the freight rate from Florida, with water transportation, by the development of the highly concentrated triple superphosphate and by this TVA operation at Mobile, the fertilizer can be delivered within 300 miles of St. Paul cheaper than you can buy fertilizer in Florida or Kentucky, of the kind that is now available on the market.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from California.

Mr. JOHNSON of California. A little while ago the gentleman mentioned the small amount of fertilizer produced by private enterprise. Is that due to the fact that the private manufacturers that make fertilizer were engaged in war production, or is that the normal amount that they are now producing?

Mr. WHITTEN. When you say "output" I would not want to say that the

war has had no effect on it at all. I will say this, though, that the entire capacity of the private plants will not half way meet the needs of the country. If the plants of the commercial companies were used to full capacity to meet the needs of the farmers, it would meet only about 50 percent of the demand, so the question of the war needs does not enter into that situation. If this plant is built it will mean that the TVA can lead the way in providing a concentrated fertilizer and, of course, that will create a demand for it, because in the midwestern area they would much rather get the concentrated fertilizer with a much cheaper freight rate. There would be a big saving in expense by shipping this super, triple superphosphate to the Midwest, such as Iowa and Illinois. One ton of this is equal to two and one-quarter tons of the regular fertilizer, so it means that the regular fertilizer today would cost you two and one-quarter times as much freight to get it to the Iowa territory or the Illinois territory or other midwestern area as it would of the triple phosphate.

The great problem that is raised here is about putting Government in business. We have seen, by reason of the TVA activity in the nitrate field at Muscle Shoals, that there has been a great demand for nitrate fertilizer. We have found that instead of taking away the market of the commercial fertilizer companies, that they cannot begin to meet the demand created as a result of the TVA demonstration of the high concentrate, though they are supplying more fertilizer than ever. I would like to say further that in this field this plant will supply only about 5 percent of the fertilizer of this kind as compared with the capacity of the commercial fertilizer companies to produce, if they will, in this field.

On the other hand, when we come to saying that this is a case of putting the Government in business, I think the history of phosphate fertilizers trailing so far behind nitrate is evidence that the Government through the TVA has done a wonderful job with nitrate.

This is like the REA in the electrical field. In my own area before the REA associations were organized under the law you could not get one of the old-line power companies to build a rural line. You were helpless as far as getting electric current was concerned. But the minute we put the REA's in, they did not replace the old companies at all but they made available to the rural residents of the section the REA current. As a result, the commercial or the private companies now are building rural lines and they are selling more electricity than ever before in the history of the country, and have expanded their lines twofold or threefold in that area. The rates of the power companies have come down and yet they are making more money than before because of increased consumption.

Thus it will be here with the TVA to lead off and show the advantage of a highly concentrated fertilizer and to show the people the advantage and cheapness of buying this fertilizer as compared with mixed fertilizer. I think

it will result in benefit to the American farmer in a better fertilizer at a lower cost and by demonstration bring about a change in the practices of the commercial companies and through developing the demand, increase their market.

While the construction of this plant does call for an outlay of Government funds, this money will be repaid from the sale of fertilizer and the cost amortized over a reasonable period of years.

Mr. JENSEN. Mr. Speaker, I yield myself 5 minutes.

Mr. SPEAKER. Many of you know the conferees have already met and have decided on this item. The fact of the matter is that the House committee was ignored entirely relative to this item. Rather, they saw fit to go to the Senate and have it included by the Senate committee, which is not a bit pleasing to me. That practice is becoming too regular.

Mr. PETERSON of Florida. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Florida.

Mr. PETERSON of Florida. A few years ago there was a special joint committee to study the adequacy of phosphates. At that time the committee said that if a plant was to be built there should be a pilot plant built in the West. There are vast deposits in Idaho, Utah, Wyoming, and Montana. The gentleman who preceded the gentleman now speaking made reference to the delay of the present phosphate companies. That is due to the inability to get equipment. They are begging for priorities for equipment now and are expanding their plants as fast as they can get equipment.

Mr. JENSEN. Private industry contend they are ready to build 30 plants in different sections of the United States, to produce commercial fertilizer.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Is not this just another New Deal socialistic venture?

Mr. JENSEN. I am simply giving the facts as I see them and leave it to the House to decide the question.

Mr. SMITH of Ohio. It means that the Government is going into the business of producing fertilizer.

Mr. JENSEN. That is right, however, they claim it is to be a pilot plant only. A laboratory so to speak.

Mr. SMITH of Ohio. What is that but socialism?

Mr. JENSEN. It is clear that the party in power has no faith in private enterprise, and that they want to get into business all over the country and drive private industry to the wall. I will agree with the gentleman that it is very evident that that is the purpose of some very powerful people in this administration, but in this instance when the farmers need this fertilizer so desperately I am not quite ready to say that this plant is not a necessity in order to fully develop this kind of fertilizer.

Mr. HENDRICKS. I recall distinctly in the years that we had the TVA before the Independent Offices Appropriations Subcommittee, this question was brought up. I want the House to understand that the TVA was taken out of the inde-

pendent offices appropriation bill this year and put in the Government corporations appropriation bill. But this question has been brought up before. I know of one time for certain—I know it has been brought up many times—but I know of one time for certain that this matter was put in by the Senate, and the House conferees knocked it out. We have never permitted this plant to be put in under the TVA appropriation. I do not think the House would want it if they knew all the facts. Of course, this is a new committee, and as I understand from talking with the acting chairman they did not even hold hearings on it but the matter was brought up after the hearings were over. But we did hold hearings before the Subcommittee on Appropriations for the Independent Offices and we always denied this plant in Mobile.

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I cannot refuse to yield to my good friend of the committee.

Mr. GORE. I thank the gentleman very kindly. The distinguished gentleman from Florida is in error. The committee of which he was a member, the Independent Offices Appropriations Subcommittee, and of which the distinguished gentleman from Virginia, our former colleague, Mr. Woodrum, was then chairman, approved this item ab initio in the House for the fiscal years 1942, 1943, 1944, and 1945. It has never been knocked out. It was approved for three successive years and the plant was not built only because of the shortage of materials during wartime. The gentleman from Florida is absolutely in error.

Mr. TABER. Mr. Speaker, I would be pleased if the gentleman would yield so that I may make a correction with reference to the situation. In 1946—that is, a year ago, when the 1946 bill was up—the Senate put this in and the conferees threw it out.

The SPEAKER. The time of the gentleman has expired.

Mr. JENSEN. Mr. Speaker, I yield myself five additional minutes.

Mr. HENDRICKS. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. HENDRICKS. As I said before, we discussed this matter many times. It was in the bill once that I know of and was knocked out. That is all I can say.

Mr. JENSEN. May I proceed now? As I said before, I am trying earnestly to state the facts concerning this case and then let the House work its will. I yield to no man in the Congress or in the United States in my great desire to get the desperately needed commercial fertilizer for the farmers of America. Neither do I yield to any man in my desire to see that private industry has an opportunity to furnish any commodity, if they can furnish that commodity, close to the same price that the Government can furnish it and in sufficient quantities. Private industry has been doing the best job it possibly could in producing fertilizer under very adverse conditions. As soon as they can get the equipment, they will go ahead with the building of some 30 fertilizer plants in different sections of the United States. They say they are

ready to build one in my own State of Iowa on the Mississippi River, as soon as they can get material.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. WHITTEN. Does the gentleman recall that any representative of commercial companies were able to give us any figures whether they were able to manufacture triple superphosphate?

Mr. JENSEN. Yes.

Mr. WHITTEN. I would be glad if the gentleman would give us the facts.

Mr. JENSEN. A representative came before our committee and testified to that yesterday.

Mr. WHITTEN. I believe he was requested to state what provisions, if any, he had for manufacturing triple superphosphate, and my recollection is that there were no figures available at all.

Mr. JENSEN. I think I can give the gentleman those figures. The private fertilizer industry say they are now making at the rate of 262,000 tons of triple superphosphate annually.

Mr. WHITTEN. And all that is going into mixed fertilizer. Isn't that true?

Mr. JENSEN. Possibly so; nevertheless, they are manufacturing it now according to the testimony.

Mr. WHITTEN. That 260,000 tons is against the need for over 3,000,000 tons. Is that not true?

Mr. JENSEN. Of course, we have an undersupply of commercial fertilizer, and that is why private industry is trying to get priorities so that they can build their plants.

The SPEAKER. The time of the gentleman from Iowa has again expired.

Mr. JENSEN. Mr. Speaker, I yield myself five additional minutes.

Up to this time the States in my section of the country, and other States far removed from the supply of phosphate rock, have received very little of this phosphate fertilizer. I have found no one who has assured me that those States, including my own State of Iowa, would receive an extra pound of this phosphate fertilizer if the Mobile plant were built. I certainly wish someone would assure me that the States far removed from these phosphate deposits, if this Mobile plant is built, will receive their fair share of this phosphate fertilizer.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. Yes; if the gentleman can assure me that that will be the case.

Mr. WHITTEN. The only way I can assure the gentleman is this, that his location and the tremendous shortage we have was used in the presentation before the committee on this matter. I would like to point out that so far as the production of nitrate fertilizer is concerned, the gentleman knows that the TVA has distributed that to all the States of the Union where there was any need for it.

Mr. JENSEN. But my State, for one, has received very little and if this Mobile plant is built I hope the gentleman will help me see to it that my State gets its fair share.

Mr. WHITTEN. The total output is very little, but the gentleman has received his share.

Mr. JENSEN. We certainly have not received our share as the records will prove.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield to my colleague from Iowa.

Mr. HOEVEN. I do not want to bring up the question of sectionalism, but is it not true that most of this fertilizer has been going into the Southern States, and the Midwest has been getting very little?

Mr. JENSEN. Absolutely, that is the fact. The record will show that is the fact.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. McDONOUGH. It is commonly known that the cost of fertilizer is based upon the active element, either phosphorous or nitrate.

Mr. JENSEN. Certainly.

Mr. McDONOUGH. What is the cost of the active element of superphosphate fertilizer, delivered in Iowa, as compared with the cost delivered in Iowa from the Mobile plant? Those facts should be known in response to the question brought up recently that some 3,000,000 tons of superphosphate fertilizer were necessary.

Mr. JENSEN. The answer to the question is simply this that if we can get a triple superphosphate sent to our State for example from the phosphate deposit, that we shall have less freight to pay because it will contain no ballast, we will pay no freight on ballast; so naturally we are anxious to have this kind of fertilizer developed because we do not like to pay freight on sand or dirt. We would rather get the pure McCoy and then mix the sand and dirt with it to suit ourselves so as to spread it evenly over the land.

Mr. McDONOUGH. Is not the gentleman arguing that they can produce superphosphate in Iowa? The gentleman just referred to a plant that it was proposed to build along the Mississippi River.

Mr. JENSEN. Private industry proposes to build that plant, ship the phosphate rock to the plant up the water route on the Mississippi, and process it there.

Mr. McDONOUGH. And what would it cost to produce there as compared with delivering the finished product from Mobile, Ala.?

Mr. JENSEN. We are told that the annual report of TVA for 1945 shows that the total cost per ton of triple superphosphate disposed of by them amounted to \$92.70. Private industry was selling this product under ceiling prices of \$75 per ton. It is safe to assume that private industry had some profit from their operations, and TVA cost accounting factors may not have included all of the costs that must be met by private industry.

Mr. McDONOUGH. That is a differential of almost \$15 a ton.

Mr. JENSEN. Yes.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. CUNNINGHAM. Following up what the gentleman from Iowa [Mr.

HOEVEN] stated as to the distribution of phosphate fertilizer, I call the gentleman's attention to the fact that the Department of Agriculture this year has allowed Iowa 4,000 tons and South Carolina 69,000 tons, and other Southern and Eastern States in proportion.

Mr. JENSEN. Yes. I have simply given the facts as I honestly see them, but I certainly do not want anything to happen that would not make available to the farmers of America the necessary commercial fertilizer. So now I am leaving it to the membership to decide the case.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. JENSEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Kentucky [Mr. ROBSION].

(Mr. ROBSION of Kentucky asked and was given permission to extend his remarks in the RECORD and include an editorial.)

Mr. JENSEN. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. McDONOUGH].

(Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD and include therein a statement by Mr. Vinson Villamen, of Los Angeles, Calif.)

Mr. WHITTEN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Speaker, the first misapprehension which I would like to dispel, insofar as I am capable, is the statement, not a fact, that the House has not given consideration to this proposition. Extensive hearings have been held in previous years by the House and hearings were held this year by the Senate committee. Moreover, on three successive occasions, fiscal 1943, 1944, and 1945, the House of Representatives has approved this proposition. The only reason the plant is not now built and in operation is because we had a war. On account of the urgent need for materials for war purposes, the War Production Board held up, as it did many other projects, the building of this plant.

Mr. Speaker, it is rather interesting to examine the source of the opposition to this proposal. It does not come from the farm organizations, it does not come from the agricultural leaders, it does not come from the Department of Agriculture, it does not come from the land-grant colleges. From where does it come? It comes from the Fertilizer Trust.

Do you fear competition? Why, this plant would only produce at its maximum 5 percent of the existing productive capacity, and the existing capacity is less than one-fourth of the demand of the country. What, then, is the fear? It is the fear that by example in the production and distribution of a concentrated form of fertilizer at a cheaper price, fertilizer will go to the farmer at a cheaper price.

There are some grounds for that apprehension. Why do I say this? Because the same situation prevailed in the nitrate fertilizer field before the long fight for the people was finally won to put the Muscle Shoals nitrate plant into production and experimentation of nitrates.

As a result of that, nitrates are now being demanded by the farmer in concentrated form and he is receiving it, not diluted with common sand and dirt as is now the case with most all phosphate commercial fertilizer. As the gentleman from Mississippi pointed out, a bag of this so-called superphosphates, which is a trade misnomer, contains only 16 percent plant food. The remainder is foreign element, unusable to a large extent, such as sand and dirt, on which the farmers have to pay a high freight rate. As a result of the Muscle Shoals nitrate plant, if I may get back to that, the price of nitrate fertilizer has been reduced, practically cut in half, since that fertilizer plant went into operation. By comparison, there has been little change in phosphate fertilizer price and by comparison there has been very little technological improvement and development in the phosphatic field.

Of course, all of use are generally wedded to free enterprise, but when free enterprise is not meeting the challenge, as was the case in rural electrification, education, public roads, as was the case in the nitrate fertilizer field, and as has been the case in other instances, the Government is within its rights, it is politically feasible, it is morally right, to set up a demonstration to prove a principle of value to the people. I believe it is amply justified in this case for the Government to build a plant to experiment, produce, and demonstrate methods of production of a concentrated fertilizer in a more usable form for the farmers of this country at a more economical price.

Let me point out that the demand for this was not raised by the TVA. The question was raised, not by people from the Tennessee Valley; it was raised by farm organizations and farm leaders from the Midwest, where the most acute shortage for phosphate fertilizer exists.

The gentleman from Iowa in his keen desire to assist the farmers and agricultural interests of his great State asked how this is to come to Iowa. There are very definite reasons why such a program is necessary to bring an adequate supply of cheap phosphate fertilizer to his area. In order to get phosphatic fertilizer into Iowa and the Middle West, a long haul is necessary and that long haul must be on one of three items.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. WHITTEN. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. GORE. You must ship either the crude phosphate rock and the coke to Iowa and there process the fertilizer, which would be exorbitant from the standpoint of freight, or you must ship the so-called superphosphate commercial fertilizer now available in the market, which is only 16 percent. That, again, would result in excess freight charges because the farmer has to pay freight on a lot of foreign matter which is of no value whatever to him; or, third, which is proposed here. We can build a plant in an area where the coke and the phosphate rock can be assembled economically, reduce it to triple superphosphate, 49 percent content, if you please, and

then ship the product in its reduced, more useful content to the farmers of the Midwest. This latter method offers the best and most feasible manner of bringing cheap fertilizer to the Nation's farmers. This applies to the whole fertilizer industry as well as to this proposed plant. The demand for this project arose out of the Middle West, and I submit to you that it would be a great boon to the phosphate fertilizer industry just as the nitrate plant at Muscle Shoals has been a big boon to the nitrate fertilizer industry. Why, since the TVA has demonstrated improved methods of producing a concentrated form of nitrates and demonstrated its use through demonstration farms in many States of the Union, since it has demonstrated to the industry itself by technological improvement they could produce it in concentrated form, the demand and the use of nitrate fertilizer has trebled in the country. Therefore, the fertilizer industry has developed a more efficient process, and it is being distributed in greater supply at a cheaper price to the farmer.

We want to follow a similar pattern with phosphatic fertilizer. The industry and the farmers would, I believe, benefit.

The importance of soil fertility to human nutrition and to civilization cannot be overlooked nor overestimated. This is a fundamental problem.

CALL OF THE HOUSE

Mr. RIZLEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. WHITTEN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 196]

Adams	Fisher	Murphy
Allen, Ill.	Fuller	Norrell
Anderson, Calif.	Gardner	Norton
Andresen,	Gibson	O'Neal
August H.	Gifford	Outland
Andrews, N. Y.	Gillespie	Pace
Bailey	Gossett	Patrick
Baldwin, Md.	Granger	Patterson
Baldwin, N. Y.	Grant, Ala.	Peterson, Ga.
Bates, Mass.	Hagen	Pfeifer
Bell	Hancock	Ploeser
Bennet, N. Y.	Harness, Ind.	Powell
Bonner	Harris	Rains
Boren	Hart	Rankin
Boykin	Hartley	Rayfiel
Bradley, Mich.	Hébert	Reece, Tenn.
Bradley, Pa.	Hoffman, Mich.	Robinson, Utah
Buffett	Hollifield	Rodgers, Pa.
Bulwinkle	Horan	Roe, N. Y.
Camp	Izac	Rogers, Fla.
Case, N. J.	Jennings	Rogers, N. Y.
Celler	Johnson,	Rooney
Chenoweth	Luther A.	Russell
Clark	Johnson, Okla.	Sheridan
Clements	Kearney	Sikes
Clippingier	Kefauver	Slaughter
Cochran	Kelley, Pa.	Stewart
Coffee	Kilburn	Stigler
Cole, Kans.	LeCompte	Sumner, Ill.
Colmer	Lesinski	Sumners, Tex.
Combs	Luce	Tarver
Courtney	Ludlow	Taylor
Cox	McGehee	Thomas, N. J.
Crawford	McGlinchey	Thomas, Tex.
Curley	McKenzie	Tolan
Daughton, Va.	Mahon	Torrens
Dawson	Maloney	Vinson
De Lacy	Mankin	Welch
Doyle	Mansfield,	West
Drewry	Mont,	Wickersham
Durham	Mansfield, Tex.	Winstead
Earthman	May	Wolfenden, Pa.
Eberharter	Miller, Calif.	Wood
Engel, Mich.	Morrison	Worley

The SPEAKER. Three hundred and two Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

COMMITTEE ON APPROPRIATIONS

Mr. HARE. Mr. Speaker, I ask unanimous consent that the Subcommittee on Appropriations having charge of the Labor Department Federal Security Agencies appropriation bill may have until midnight tonight to file a conference report and statement.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

CORRECTION OF RECORD

Mr. BIEMILLER. Mr. Speaker, on page A4050 of July 1, in an article by myself, the word spelled "wnown" should be "known" and in the twenty-ninth line of the third column, the word "first" should be "finest." I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EXTENSION OF REMARKS

Mr. O'HARA asked and was given permission to extend his remarks in the RECORD and include two editorials.

GOVERNMENT CORPORATIONS CONFERENCE REPORT

Mr. JENSEN. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I want the conferees to bring back to the House of Representatives the chance to vote on whether we are going to build a fertilizer plant down in Alabama or not. If we build a fertilizer plant down there we might just as well build a furniture plant for the Federal Government, we might just as well build a clothing plant, we might as well say we are going to become socialistic in this country. This is the way to do it. Of course, the Government is in lots of business but there is no reason why we should go any farther. Stop it. Stop it now.

Mr. Speaker, I object to the building of this plant for the following reasons:

First There is no Budget approval for the expenditure.

Second. The erection of a fertilizer plant by TVA is a radical departure from its accustomed activities. It puts the Government squarely in the fertilizer business in competition with industry.

Third. Private industry can and will supply the required plant food as soon as Government controls are lifted on building materials and machinery.

Fourth. Such a drastic encroachment on the American system of private enterprise should not be embarked upon without full hearings and careful consideration.

Fifth. The fertilizer industry should be given an opportunity to be heard.

Sixth. The whole subject of a national fertilizer policy has been for some time

pending before congressional committees.

Seventh. It is submitted that the Congress should await some decision on the broad question of national policy before embarking TVA on a program of fertilizer manufacture.

It makes no difference what line of business this Government embarks upon, certainly the private enterprise system is the thing that made this country great. If we are going to try to put private industry out of business, especially when private industry can furnish the fertilizer that this plant would furnish for \$75 a ton when it has been stated here awhile ago by the gentleman from Iowa that the Government price will be \$93 and over a ton, then it seems to me that the Federal Government is wrong in embarking on this line of manufacture because it shows that private industry can do it better and cheaper than the Federal Government. If socialism is to prevail, vote against my amendment, if not, vote for it.

Why do we want to start the Federal Government in a project of this kind? Certainly the people of this country are not willing to do that. There are plants in Florida, there are plants in the Southern States and in the Midwest that are willing to spend money to improve the situation and furnish all the fertilizer that is necessary if we will just give them a chance. I speak for the private enterprise system; not government in business.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

NEED OF FERTILIZER

Mr. JENSEN. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Speaker, the farm lands of the country are wearing out and are hungry for fertilizer. Fertilizer on the soil means more food.

I am not sure that we should permit the United States Government to go into the business of producing fertilizer, unless it would be to use a small plant as a yardstick indicating the cost of fertilizer. I am convinced that there is now a monopoly in the production of fertilizer and unless this monopoly is broken, the price of fertilizer may advance far beyond its present price. If I understand the gentleman from Iowa correctly, he said there were some 30 private plants ready to produce fertilizer as soon as the allocations could be had for the necessary machinery. I am all in favor of private enterprise producing not only fertilizer, but everything else the American people may need.

I was amazed last week to find out that three Southern States, producing mostly cotton and tobacco, were receiving more fertilizer than the other 25 food-producing States in the Nation. I called this to the attention of the Production and Marketing Administration in the Department of Agriculture, and it is my understanding that they are about to issue a directive which will allocate fertilizer in this country. I am quite sure that cotton and tobacco sandwiches are not very tasty and cer-

tainly do not contain very much nutrition.

It is interesting also to note that the Army is in the business of producing fertilizer. Last week in several conferences I learned that they are now producing about 80,000 tons of fertilizer a month. This fertilizer is all earmarked for overseas delivery to the armies of occupation. The plant at Grand Island, Nebr., is capable of producing 14,000 tons a month. The farmers in that rich valley need fertilizer to produce corn, potatoes, and other crops. They see the cars being loaded with fertilizer and all marked for export, and they are unable to get sufficient fertilizer for their own crops. It means that this valley will be short a million bushels of corn because they lack fertilizer. The general with whom I talked informed me that the military controlled the sulphuric and nitric acid of this country and that they could allocate when and where they pleased.

I am convinced, Mr. Speaker, that a further careful study of the business of producing fertilizer must be made. Certainly it is not the function of the Army; neither is it the function of government. Because if they can produce fertilizer, they can also make furniture, candy, or shoestrings. They should not be in competition with free enterprise. I am hoping that things will adjust themselves quickly in order that the food-producing States may receive sufficient fertilizer to produce the crops so badly needed by this Nation and the rest of the world.

Mr. WHITTEN. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. Speaker, I am very strongly in favor of this plant and I want to say that the building of this plant would not in any way interfere with private enterprise. The purpose of this plant is not to manufacture fertilizer to sell in competition with private fertilizer companies. It is to extend an experimentation process that has been working very nicely down in the Tennessee Valley to teach people the proper methods of using fertilizer.

This Congress has authorized this on three different occasions before, and the building of it was simply held up because of the scarcity of critical materials at that time. That condition has now been removed, and there is no reason in the world why we should not go along with this.

I should like to call your attention to some of the testimony before the Senate committee by Mr. O'Neal, president of the American Farm Bureau Federation, urging the construction of this plant and urging it on behalf of the American Farm Bureau Federation. He told some of his experiences in the early days trying to get different kinds of fertilizers, and he told how the fertilizer people fought it at that time. Yet he said that the very process that he initiated created so much more business for the private fertilizer companies that soon it became the most popular thing that had been done. That has been proven true right in the Tennessee Valley area. It is not a matter of cutting down on the sales of fertilizer by the private companies at

all. It teaches the people the proper method of using fertilizer and encourages the use of fertilizer in a proper and adequate manner. That is all in the world the building of this plant proposes to do.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, in my opinion if we establish the Mobile plant we are taking a step in the right direction. The establishment of this pilot plant is more than a farm problem; it is a national problem. The strength of this Nation depends upon the strength of our topsoil. When we realize that in a little over 150 years we have whittle our topsoil down from 9 inches to 6 inches we begin to realize the importance of soil improvement and conservation.

You talk about free enterprise. I have heard that argument ever since the cities began to put in waterworks and gas plants. I heard it when we had the TVA legislation before this body. I heard it when the Holding Company Act was under consideration. I have heard the same cry every time we had legislation in the interest of the people of this Nation.

This is a pilot plant. It is an attempt to blaze the way to educate the people of this country in conserving and preserving the soil. I say it is a national problem. Being a national problem, it is vital to every man, woman, and child in America. We have already destroyed 100,000,000 acres of our topsoil and another 50,000,000 acres are eroded to the extent that their productivity has been cut in half. Three billion tons of topsoil go down the streams of America every year, at a loss to this Nation of around \$4,000,000,000. Then tell me that it is not a national problem. It is a national problem and the National Government should now step in and pilot the way and show us how to preserve and conserve our soil. Moreover, we need a yardstick by which to measure fertilizer prices. The establishment of this plant will serve as a yardstick by which fertilizer prices can be measured in the same way TVA has served as a yardstick by which to measure power prices.

Let us establish the plant.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Texas [Mr. LYNDON B. JOHNSON].

AGRICULTURE: VICTIM OF LOSIDED ECONOMICS

Mr. LYNDON B. JOHNSON. Mr. Speaker, the passage of this bill means much to the farmers of America. Support prices as provided by Congress and included in this legislation have been a prop without which our rural people would have been at the mercy of the speculator.

Mr. Speaker, for 10 years in this House I have watched the ebb and flow of farm legislation. My primary concern, for my own district, was to help the farmer. That was an entirely selfish view; not selfish in terms of getting elected because there are more city folks than there are farm folks in my district; but selfish because of my conviction that

the land has been, is, and always will be, the basis of whatever prosperity the world enjoys.

If you have not been personally acquainted with farm problems you may sometimes think the Congress is overly concerned with problems of the farmer and legislation to help the farmer. You may wonder why the farmer is not left alone to work out his own fate. That might have been possible several generations ago. But the farmer's plight today is the result of an economic policy, established by law many years before any man on this floor ever opened his eyes to the light of day. We did not leave him alone when this Nation was young. No we cannot.

THE UNPROTECTED FARMER

The farmer must sell on a buyer's market and buy on a seller's market. Alone among producers for ultimate consumption, the farmer has absolutely no control over the price he gets for what he sells.

The machinery he must buy to work his land—the plows, harrows, binders, balers, threshers, cultivators—all of these are priced to him by an industry which was built up behind the tariff walls which surround this Nation; an industry which could dump its surplus on the world markets at a much lesser price than it sells to the American farmer. Because that industry and all the other industries which supply the farmer are protected, industry in general can pay wages to labor with which the farmer cannot possibly compete.

That is the fundamental reason why the Congress, almost since the days of Andy Jackson, has been passing so-called farm laws. And, to win the farmer an equal footing with other classes in our economy seems to be a constantly losing battle. We think we have it whipped on one front and it breaks out on another. He got a long hind start and he cannot catch up.

STRIKES HIT FARMERS

Today the farmers have all of their old familiar problems plus all of those born of the war and our failures in reconversion. He plugged along during the war years when his boys and his hired hands were taken away from him. He produced the food our armies had to have. He hoped like the rest of us for the bright new days of peace. The worn-out machines were wired together and made to last for one more round across the fields. The farmer dreamed of new tractors and new disks and new planters. Then like a baby's soap bubble those dreams war shattered by strikes. No machinery. One more try at baling wire repairs. One reason I have voted for every strike control bill brought to this floor is because I know the farmer's need. We can get along with old cars or no cars at all; but the farmer, short-handed, cannot produce us the food we need unless we give him the machines.

These bright new days of peace brought to the farmer a shortage of livestock feed. In my district we encouraged him to diversify, to raise less cotton and more poultry and more turkeys and cattle and dairy cows and hogs. Now he is told that there is not enough livestock feed to go

around. Even the feed he can find is so high in price that it is a money-losing proposition to use it. He is plagued by an increasingly tight farm-labor situation. The hired hand on a farm is as rare a bird as the dodo. Like the carrier pigeon, he is threatened with extinction. And you cannot blame the hired hand for going where he can get a higher wage. Every time industrial wages are raised, the farmer's supply of labor dwindles a little more. The statistics say that fewer and fewer young people are staying on the farm, or are going back to it from the service.

TARIFF WALLS STILL STAND

We of the South have not been able to break down tariff walls, although we have breached them in a few places, and made a few dents here and there. Failing in that direction, the Congress has worked toward equalizing the farmer's lot.

Questionable tampering with natural economics—the tariff walls—placed the farmer at his present disadvantage; he is not allowed to operate in a free competitive economy. Laws we enact to assist the farmer likewise constitute a questionable tampering with natural economics. If we were suddenly to discard all of the legal protections which we have thrown up around business and industry in general, a major economic upheaval undoubtedly would ensue. This Congress is not going to wipe the slate clean and start over again. But until we are prepared to wipe clean the slate, let's have an end to the howl that the farmer receives any special congressional consideration. Much more probable is my hypothesis that we could pass laws from now until doomsday, and still the farmer would be at a disadvantage in competing with business and industry for a fair share of the consumer's dollar. Just now we have parity prices under the AAA; we have price support purchasing programs; we have grants and loans; we have cooperatives; we have ceilings on interest; we have educational appropriations for such things as soil conservation work and vocational education. We of the farming areas vote for these measures knowing well that they are inadequate to rectify the lopsided position of agriculture in our economy. You of the industrial areas join us in voting for them because you are aware that your vaunted wealth and power would crumble into dust unless we perpetuate the foundation and basis for our national wealth: the land.

"FREE" FARMER

You talk about free enterprise. Why the farm is the last remaining freehold of free enterprise. Where else is one man the proprietor and the worker, the executive and the bookkeeper, the buyer and the seller, all rolled into one? Yes, the farmer has freedom; he is his own boss. All he needs to do is to be sure the cows are milked twice a day so their bags do not cake; check the chicken-lot gravel so his hens will not die of indigestion. All he needs to do is to plow and harrow and plant and then pray for rain. When it rains, all he needs to do is pray that it will not rain too much

or too little. The farmer is his own boss; but these particular free enterprises which dot our land from Maine to California are not free. They are tied into the rest of our economic set-up, and their position is away down at the bottom of the picture.

Sometimes I think of the laws of Congress enacted to help the farmers as crutches. Everybody knows that a cripple never will walk on his two legs so long as he uses crutches. I do not like crutches. But if that is the best we can do, let us work out the best crutches humanly possible.

That is why I have fought on the House floor, and with bureaus and departments all over Washington, for funds for rural electrification. The farmer grows the food we eat. He is the only member of society absolutely necessary to our survival. Yet his reward for feeding us has been that we deny him the advantages of our progress. Because of his geographical position, he had long been refused electricity. Private utilities said it was not economically feasible to stretch those great high lines across the countryside and link up widely scattered farm homes. Utilities did not believe they could make any money out of the project. Well, that would not have been so bad, although we have since proved their error. But the utility lobby adopted a dog-in-the-manger attitude; they would not do it themselves and they did not want Congress to use the people's money to do it. They could not see any farther than the ends of their own noses, but they had to be whipped before they would let anybody else use foresight. They howled about using Government money—which is now being repaid—but they forgot that money would not exist except for the farmer.

UTILITIES RECANT

Before we could have electric co-ops we had to harness rivers. To harness rivers we had to borrow the people's money. There was a twofold blessing: removing one of the scourges, floods; and making available electric power. Your memories are short indeed if you have forgotten the contumelies heaped upon those of us who harbored such radical ideas. I think Bolshevik was the cuss word then generally favored. I take a perverse pleasure in pointing out that the same utilities which fought us so hard today publicly acknowledge the benefits of controlling our streams.

Mr. Speaker, today there are electric lights instead of coal-oil lanterns in more than 12,000 rural homes in my district; I glory in the fact that I got the REA to lend us nearly \$4,000,000 in Federal funds to crisscross that district with lines. We have paid back almost one-half million ahead of schedule. If those lines were laid end to end they would reach a fifth of the way around the earth. I brag about our cooperatives, the two largest in the Nation, on most occasions. But in my quieter moments, like today, I will admit that our loan to the farmers was a small contribution indeed toward correcting the lopsided economics which has forced agriculture into using such crutches.

LOW INTEREST RATES

Another time the prophets of disaster predicted we were going to ruin our economic system—more particularly, we were going to ruin the money markets—was when the proposal first was made to force down the interest rate on farm loans to 4 percent. During that particular legislative fight I expected at any time to hear somebody argue that we were doing violence to a literary tradition. I expected them to say, "How can a play be written about the farmer's daughter if there's no villain in the story threatening to foreclose the mortgage?" Nevertheless we persevered and today a 4-percent interest charge is just about standard. The figures show what this has done for Texas. Farm indebtedness has been reduced from \$524,000,000 to \$278,000,000. Still, those very figures showing farmers still owe \$278,000,000 on their homes should be proof enough that reducing interest rates was just another crutch—a piecemeal solution of the eternal farm problem.

BIG JOB AHEAD

We are trying to help the farmer by giving him farm-to-market roads, over which he can also send his children to good schools. We have spent, and are spending, in my district something over \$7,000,000 of road money which around four million came from the Federal Treasury. Of course, not enough of that total is going into the needed farm-to-market roads. We are timid. By the time we get our roads surfaced, the automobile may have joined the horse and buggy. Maybe we will always be too little and too late. Soil-conservation work was initiated before I came to Congress. Yet only a half million acres of the farms in my district have conservation plans. Ours was one of the first sections in the country to engage in soil conservation work on a planned basis, but it goes back only to 1933, when CCC camps set up demonstrations in Williamson County. Not until 1940 were the oldest conservation districts organized, and the last of them was organized no later than this year. To organize them costs money. It costs money to train soil technicians and supervisors to advise with and work with the farmers and help them plan how best to have their top soil. I am inclined to think this particular aid to the farmer will be one of the best in terms of long-range benefits. If you will come down to Caldwell County with me and see the Herefords standing belly-deep in clover, you would be as sold on soil conservation as I am; you would think it a fine way to invest the people's money for multiple returns.

NO SURPLUSES

A few months ago, this House voted the school lunch program. I wondered at the time whether the votes of many of you were dictated by the reasons which dictated mine. Of course, feeding underprivileged children was our first objective, but there was another objective. Into these free-lunch programs are poured those farm commodities which have come to be known under the misnomer of "surpluses."

There is a word calculated to make any farmer see red. Surplus! These days we are acutely aware that there are enough people in the world to eat all the food we can produce. But there always were enough people to consume the world's food output. The problem always has been getting the food to those people. Even in these days of mass starvation they still talk about "surpluses." Down in my own district, just a few weeks ago, a surplus of eggs threatened. And I hear talk we may have a surplus of watermelons. Of course up here you will be paying 4 and 5 cents a pound for melons when you can get them. But down in my home country they will be feeding watermelons to the hogs. Onions will go begging while up here in some of these eating places around the Capitol they charge you a nickel extra for a hamburger if you ask for a slice of onion on it. Even those good old standbys, the Irish potato, are heading for a surplus, I am told by the Surplus Commodities Corporation. Yet we know the word surplus is a misnomer. It is entirely a problem of distribution. Distributing a product that is produced by thousands of producers and therefore must be collected from thousands of points of origin. And a product, at that, which is largely perishable—a product which must be sold for what it can bring because it must be sold or fed to the hogs. Mr. Speaker, in my humble judgment, distribution is the one real farm problem that we have not even begun to whip, which must be whipped before the farmer ever will take his rightful place in our economic system. To this problem Congress should lend its most earnest consideration. We will go a long way toward stabilizing farm prices when we know that what the farmer produces will get to somebody willing to pay a fair price for it.

WHEN PRICES DROPPED

Mr. Speaker, if there was not something about the land that pulls a man back to it, we would not have many farmers today. I was born and raised on a farm and did all the chores a farm boy has to do, including cotton picking. On rare and celebrated occasions I got to take the cotton to the gin. I was a kid, some 13 or 14 years old, when cotton dropped from 40 cents to 6 cents, and we lost our homestead. The experts on children tell us that one of the necessities for children is the feeling of security in their formative years. I know that as a farm boy I did not feel secure, and when I was 14 years old I decided I was not going to be the victim of a system which would allow the price of a commodity like cotton to drop from 40 cents to 6 cents, and destroy the homes of people like my own family. Because it was the same cotton. We had fought the same boll weevils to grow it. We sweat the same amount of sweat to hoe it and pick it. It cost the same amount to gin it; the freight rates on it were unchanged. The next year I hitch-hiked from the little town of Johnson City to the town of San Marcos, which is quite a piece if anyone asks you; and I entered school. I got a job moving rock and it was not any WPA project, either; it was a bread project. Well, I am not going into autobiography at this point and

there are probably dozens of men on this floor with parallel experiences. But I say to you that whatever we do for the farmer is not too much until he gets his rightful share of the consumer's dollar. Whatever we do for the farmer is not boondoggling, it is justice. Whatever we do for the farmer is not socialistic or communistic, it is simply an attempt to right an artificial economic condition that was set in motion like a chain reaction by laws enacted many, many generations ago.

FARM PROGRAM

I have no panacea for the economic condition of agriculture in our country. I do have a program—a program of the obvious things we can do, and should do, and must do. I will outline that program in terms of my own district, but it is applicable to yours as well as mine:

First. Bring lights, and all that electricity means, to every farm in those 10 counties.

Second. An all-embracing conservation program, ranging from making pastures out of what are now cedar-covered hills to preserving the few inches of top soil which have managed to survive the years of neglect.

Third. An all-weather road to every farm.

Fourth. Continue to fight for low farm interest rates. One of the first votes I cast in Congress was to vote to override President Roosevelt's veto of a bill to lower land-bank interest rates. I believe the 33⅓-percent reduction in interest charges effected abundantly justifies that vote.

Fifth. Continuation of the policy we established by law of authorizing the Farm Security Administration to assist the small-income farmer with production loans.

Sixth. Continuation of government-sponsored crop insurance for those farmers who desire to take out insurance against floods, droughts, and crop hazards.

Seventh. Enactment of the Pace bill which provides that the cost of labor shall be figured in computing parity prices, an enactment which should go far toward equalizing the advantage which industry now enjoys in the labor market.

Eighth. Continuation of the school-lunch program for the reasons I have already enumerated.

Ninth. Continue to guarantee to farmers at least 90 percent of parity for at least 2 years after the officially-declared end of the war.

Tenth. An honest study and appraisal of the problem of distribution so that we may avoid price-destroying surpluses and within some foreseeable time be able to eliminate Government-support buying.

Eleventh. As another step toward bringing farm living standards up to those enjoyed by city dwellers, the construction of hospitals within a reasonable accessibility to every rural family.

Twelfth. Favor distributing surplus Army and Navy dirt-moving machinery to soil-conservation districts, counties, and other public agencies.

And I may add, Mr. Speaker, that farm prices are considerably higher than when I came to Congress in 1937. No-

body wants to go back to the prices which prevailed in the days of the Hoover administration but at the same time, nobody will pretend that today's prices are going to make the farmer rich.

I commend this program to your consideration, and I hope that my colleagues will help us achieve it and better it.

(Mr. LYNDON B. JOHNSON asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Speaker, North Carolina uses more commercial fertilizer than any other State in the Union. I am for more, better and cheaper fertilizer. Our need is great and fertilizer is now in short supply. Fertilizer is not only in short supply in North Carolina and in the Nation, but throughout the world. If I were satisfied that the short supply is due to a lack of efficiency or effort on the part of the fertilizer industry which is now operated by private capital, or if I were satisfied that the short supply is due to any kind of monopoly or combination in restraint of trade I would be among the first to vote for a bill authorizing an expenditure of Federal funds for the purpose of enabling some agency of the Government to go into the business of manufacturing fertilizer. I am not so satisfied but, on the contrary, I am convinced that private industry has performed well in the manufacture of essential fertilizers. While I am very much in favor of doing everything possible to increase the manufacture and supply of fertilizer I believe that private industry should be given a fair chance to function. I believe that if private industry is able to obtain the necessary equipment it will be able to supply the fertilizer needs of the farmers of America and at the same time make a large contribution to the world's supply. I am in favor of private industry. I am likewise against Government in business, if it can possibly be avoided.

As a member of the House Committee on Agriculture I am anxious to protect the integrity of that committee. Frankly, however, I am at a loss to understand how the gentleman from Virginia, the chairman of the House Committee on Agriculture, can, under existing circumstances, approve this effort on the part of the Appropriations Committee to legislate with regard to a matter of this importance, especially in view of the fact that he has a bill, H. R. 2922, which has been pending before his own committee since the 17th day of April 1945 and no hearings have been held upon that measure. The bill to which I have referred and of which our chairman is the author, has for its purpose the establishment of a national fertilizer policy and program and among its provisions there is a provision which deals directly with the proposed plant near the city of Mobile in the State of Alabama. Why has not our committee been given an opportunity to consider the provisions of H. R. 2922?

A suggestion has been made to the effect that extensive hearings have been held concerning the proposed plant at Mobile. I challenge anyone to produce 1946 hearings on the proposition other than the very brief hearings before the Senate Appropriations Committee at

which the representatives of only one farm organization testified. During the war consideration was given to the advisability of building the Mobile plant, but the money had not been provided and the plant has not been constructed. At that time there was, of course, a critical shortage of both fertilizer and building material. The statement has been made that building material and equipment is now available. If it is available, why not give private industry an opportunity to move forward in its own field?

We may call this bill what we want to call it, but the plain purpose of the bill is to put Government in business—into the business of manufacturing fertilizer in direct competition with private industry. Only \$3,000,000 is involved in the pending proposition, but the record shows that the ultimate cost of the Mobile plant will be \$7,000,000. This is just the beginning. According to Mr. J. W. Wizeman, of the Civilian Production Administration, "all present foreseeable increases in the production of rock will be taken up by existing fertilizer-manufacturing plants." The private fertilizer industry is making 262,000 tons of triple superphosphate annually at the present time. CPA reports that the production of triple superphosphate by private industry will be materially increased during the next 12 months if building material, rock, and labor are available. The plant producing the largest amount of triple superphosphate is located at Tampa, Fla., and this plant plans to increase production by 50 percent during the next 12 months. I am advised that new facilities for the production of phosphate fertilizers are also being constructed in Montana, Idaho, California, Illinois, and in other regions throughout the country.

The TVA has phosphate-manufacturing facilities for all research tests and demonstration needs. Its prewar capacity was approximately 125,000 tons of concentrated superphosphates annually. It is now producing about 11,000 tons of concentrated superphosphates a month. The records of the War Production Board on TVA's phosphorus capacity would indicate that it could produce at least 275,000 tons of concentrated superphosphates per year by converting all of its phosphorus capacity to the production of concentrated superphosphate. Certainly this is sufficient capacity to meet all research tests and demonstration needs. The addition of the plant at Mobile cannot increase the supply of phosphatic fertilizer unless the supply of phosphate rock is materially increased.

The War Production Board made a survey of the superphosphate industry in 1945. Its survey covered 95 percent of the industry and 97 percent of the total production capacity. It reported that the maximum acidulating capacity of the industry at that time was 15,290,000 tons basis 18 percent P_2O_5 . It reported that the practical operating capacity of the superphosphate industry was 11,500,000 tons basis 18 percent P_2O_5 at that time. Some additional plant capacity has been built and is not included in this statement and yet farmers had a little less than 8,000,000 tons of

superphosphate basis 18 percent P_2O_5 during the fertilizer year ending June 30, 1946. The Bureau of Mines on June 14, 1946, said that the production of phosphatic rock reached a new high in 1945 and amounted to 5,400,000 long tons. The rock-mining interests have tried to get additional equipment so that more rock could be mined and made available. The USDA has requested that its application for equipment be given every consideration.

If the information furnished me is correct and the Annual Report of the TVA for 1945 is accurate, the TVA cost per ton for P_2O_5 in triple superphosphate disposed of by the TVA amounted to \$92.07. Private industry was selling this product under ceiling price of \$75 per ton. It is only reasonable to assume that private industry had some profit from the operation. It is likewise reasonable to assume that the TVA cost-accounting factors may not have included all of the costs that must be met by private industry. Unfortunately, I do not have accurate information in this regard. The fact remains that the Department of Agriculture, the fertilizer industry, all of the farm organizations of the country, and others interested should be given an opportunity to present their views fully concerning this very important matter. Most all of the legislative committees of Congress should legislate rather than abdicate in favor of the Appropriations Committee, and I therefore urge the adoption of the pending motion, to the end that the House conferees may be definitely instructed to eliminate the Mobile project from the pending appropriation bill.

Mr. Speaker, I desire to insert a telegram which I received from Hon. W. Kerr Scott, commissioner of agriculture for the State of North Carolina:

RALEIGH, N. C., July 1, 1946.
Hon. HAROLD D. COOLEY,
House Office Building,
Washington, D. C.:

The Senate amended H. R. 6777 by adding an appropriation of \$3,000,000 to be used by TVA for the construction of a fertilizer plant at Mobile, Ala. We hope the House will delete this item in order that hearings can be held and the need for such operation established. Private enterprise has done a remarkable job supplying fertilizer at reasonable prices during the war and they are expanding operations as rapidly as possible; therefore, we think the need for Government operation should be well established.

W. KERR SCOTT,
Commissioner, North Carolina
Department of Agriculture.
D. S. COLTRANE,
Assistant Commissioner, North Carolina
Department of Agriculture.

Mr. JENSEN. Mr. Speaker, I yield 1½ minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, in 1938 the Congress created a special joint committee for the study of the phosphate industry in the United States. The gentleman from Florida [Mr. PETERSON] and I were members of that committee.

We visited the phosphate industry in Idaho, in the TVA area, and in Florida. As a result of the investigations that were conducted we published our hearings, and the United States Geological Survey

revised its estimates and said there were at least twice the phosphate reserves in this country that had been contemplated before then.

As part of our discussion at Knoxville, I remember very distinctly when the late Senator Norris was there he was very much disturbed over the allegation that was made that the TVA was going into the production business because he said very emphatically the purpose was entirely demonstration and that it was not proposed to set the Government up in business. TVA's phosphate operations back there in 1938 were believed by many to be on a production rather than a demonstration basis. This particular proposition now before us is nothing if it is not an indisputable attempt to expand from the demonstration basis to a production basis.

You must ask yourself this question today: Am I in favor of the Government going into the business of production whenever it wants to, to produce phosphate or plows or harnesses or even food itself in competition with natural private industry? That is the basic issue here involved.

If you are in favor of the Government going into business you will vote for this \$10,000,000 plant. If not, you will vote for the motion by the gentleman from Pennsylvania [Mr. RICH] to instruct the conferees against it.

Mr. JENSEN. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Speaker, this appropriation should not be granted. It has never been shown that the fertilizer industry cannot keep up with the needs of the country. The needs set forth by certain speakers here are propaganda that comes from within the Government to justify projects of this kind. It is evident from the statements made here by a certain group of Members that they were uninformed as to fertilizer ingredients, their sources, or their methods of distribution. They are talking about filler-in fertilizers and so on, which never did pertain to acid phosphate in South Carolina or Florida rock. Those statements apply to what is known in the market as complete ready-mixed fertilizer for which there is a need. Complete fertilizers are mixtures that have potash, nitrogen, and phosphoric acid in them. This plant, as I understand, wants to make one line of fertilizer. Some of these Members are talking about fertilizer and they do not know when on the bag or on the tag it says that the fertilizer contains so much percentage of this, that, or the other, whether it is available as plant food or was not. This should not be granted. There is no need for it. I believe that free private enterprise with encouragement will supply our needs. There is much need but no demand in some sections of the country.

The proponents of this measure are claiming that the Government plant would supply new grades of fertilizer of the higher concentrated brands, but I want to inform them that the highly concentrated brands have been on the market for a number of years and have been supplied by our old-line manufacturers. There are a great many things

on this fertilizer question that I could had I been allotted more than 2 minutes of time. Let me repeat the Government does not have to go into the fertilizer business to supply the country's needs.

Mr. JENSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON of Florida. Mr. Speaker, a study was made several years ago with reference to phosphate and phosphatic fertilizer. The entire estimates of phosphate were rewritten. At that time it was definitely determined in the great West there were large deposits upon public lands. It was recommended that if plants were to be built, a pilot plant be constructed in that area. We were very careful in our recommendation that any plant constructed should be purely for experimental purposes. As long as the TVA kept within the confines of experiments they were rendering a great public service, but the amount involved in this appropriation shows clearly they are going beyond the field of experimentation. They are actually going into the fertilizer business. Private industry today is held down because of the fact that they cannot get priorities. Within the last few weeks man after man has been trying to get priorities for equipment. Even mining operations cannot keep pace with the need unless they get priorities. Within my own home county today there is operating the largest dragline in the world, with a boom of more than 200 feet. If they cannot get priorities for the additional equipment they cannot keep pace with needs.

We do not need any great amount of experimentation on triple phosphate fertilizer. There are other processes, mining processes, that may be developed, and lower freight rates are needed to bring cheap fertilizer. The flotation method enables the mining companies to go back to old dumps and get the ore. This appropriation is not for an experiment. This is the Government going into business.

The SPEAKER. The time of the gentleman from Florida has expired.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may desire to the gentleman from South Carolina [Mr. HARE].

(Mr. HARE asked and was given permission to revise and extend his remarks.)

Mr. HARE. Mr. Speaker, as I am not on the committee handling the bill now before us, I was not afforded an opportunity to hear the testimony and the justifications for the proposal being considered. I may say that I am fundamentally opposed to the Federal Government going into competition with private enterprise, but in view of the shortage of commercial fertilizers in my State, I can see some justifications for it unless the fertilizer manufacturers are in a position to increase production. I have had complaints from a number of farmers, as well as the State extension service director, within the last 60 days to the effect that fertilizer companies were unable to supply them with sufficient quantities of fertilizers to meet their needs, particularly nitrate of soda and other nitrates. I conferred with the

Chemicals and Fertilizers Branch of the Department of Agriculture and was advised that the supply of imported nitrates for this year is between 25 and 30 percent less than the amount available for the past year saying, however, there is an increased supply of domestic nitrates of 10 or 12 percent, but there will still be a shortage of from 12 to 15 percent of this particular fertilizer constituent as compared with last year, despite the fact that we were at war a good portion of last year, when a considerable portion of this constituent was used in the production of ammunition and war materials.

It would appear, therefore, there is an unnecessary shortage in the production of fertilizers and it would appear further that the production should be greater than during the past year. I am not fully advised as to the reason for this situation, but since there is a shortage and since there is considerable complaint on the part of farmers in that they are unable to secure the necessary fertilizers, I must submit there is some apparent justification for this proposal.

In view of the interest expressed in the motion of the gentleman from Pennsylvania [Mr. RICH] to eliminate this item, my guess is that the amendment will be carried, although it is my intention to vote against it with the idea that if no steps are taken by private enterprise to increase the production of fertilizers within a reasonable time, I think it would only be fair to say that in the interest of our national economy there would then be sufficient justification for the authorization of this proposal.

Mr. WHITTEN. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, as we come to the conclusion of this debate, it leaves the issue very clear before us. We have a picture of the great midwestern section of this country which admittedly has not been getting fertilizer in the last several years. That has been testified to by the people who have spoken to you from that area. They have not gotten it during the war. They did not get it prior to the war. They are complaining because fertilizer manufactured on the eastern seaboard goes into the southern region and into the East. That is because the companies are manufacturing a low-grade fertilizer with much mixture, 16 percent fertilizer, 84 percent other matter, which must be transported at high freight costs to the great northwestern sections of the country for use. Regions close by can afford the freight bill better than you can. We are asking today not to put the Government into a competitive position as far as fertilizer is concerned, but to have the Government set up a yardstick, if you please, to show that fertilizer can be manufactured economically and can be put into such concentrated form that the midwestern section of the country can afford to pay the freight rate necessary to carry it to the great Midwest.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I decline to yield at this time.

I say to you gentlemen this afternoon who represent the farmers from that re-

gion—and I know you mean to represent the farmers in that area—if you will check the record you will see that they have been unable to obtain fertilizer. You will see that such fertilizer as is available is of a low grade which costs \$1.58 per unit, while triple superphosphate such as will be manufactured by the TVA, you would obtain the same fertilizer for \$1.30. You will find that the fertilizer manufactured on the eastern seaboard is being used close by because it is only 16 to 33 percent food value, and the farmers close by with short hauls are the only ones able to pay the price. The extra freight that you have to pay on the mixture makes it come at a terrifically high price. This plant certainly is a step toward bringing to your sections the relief so badly needed. The soils are being rapidly depleted in Iowa, Illinois, Indiana, Kansas, Wisconsin, Missouri, and the other sections of the Northwest.

Your people want fertilizer at a reasonable price. This plant will help to meet your needs. It will do so at a reasonable price. The operation of this plant will demonstrate what the commercial companies should do to help meet your needs, that is supply a high concentrate fertilizer which you can transport for 40 percent of the freight cost of the output of commercial companies today. You can answer today as to whether you want this help for your people.

Mr. JENSEN. Just to keep the record straight, and I know the gentleman wants to do that, I am sure the gentleman will agree that every concern that is making commercial fertilizer today knows exactly how to make triple superphosphate fertilizer.

Mr. WHITTEN. And if I may say to the gentleman—and I am sorry I cannot yield further—the commercial companies make little triple superphosphate and the fertilizer that they do manufacture is being used in mixed fertilizers and you are getting other ingredients whether you want them or not.

Further, with regard to this particular fertilizer plant, you remember the cries made about REA when it was started, that REA was the Government getting into business, yet REA has increased the consumption of electricity, it has increased the number of lines, it has increased the revenue of the power companies while decreasing the cost of production. The cost to the consumer has been reduced. The number of consumers on the power company lines has greatly increased. And I say to you today that the fertilizer trust has got a great hold throughout this country, and they have been able to get a hold on many war plants, which are being kept out of production. We must create this yardstick, the Government must make this fertilizer as an experiment. Fifty thousand tons of fertilizer is not going to answer any great part of the needs of the country, but it will provide an answer to the costs of production. It will show that phosphate fertilizer can be made in concentrated form, whether at Mobile, Ala., or some other place, can be shipped up the Mississippi River at a much cheaper rate to the consuming farmers of the gentleman's area and can

be sold in that area cheaper than it can be bought today. We have reason to believe that such a plant would result in great reduction in the cost of fertilizer. The fertilizer companies must think so else they would not oppose this plant, because there is twice as much demand for fertilizer as there is today, capacity to produce. The question is do you want better fertilizer at cheaper prices. If so oppose this motion.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. GORE. Mr. Speaker, I move the previous question on the motion.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent that the motion may again be read.

The SPEAKER. Without objection, the Clerk will again read the motion.

There was no objection.

The Clerk read as follows:

Mr. RICH moves to instruct the conferees on the part of the House not to agree to those parts of Senate amendments Nos. 1, 2, and 3 relating to the construction of a fertilizer manufacturing plant at or near Mobile, Ala., and to reduce the amounts specified in said amendments at least by \$3,000,000, from \$46,572,000 to not more than \$43,573,000.

The SPEAKER. The question is on the motion.

The question was taken; and on a division (demanded by Mr. WHITTEN) there were—ayes 113, noes 65.

Mr. WHITTEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. Evidently no quorum is present. The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 161, nays 148, not voting 123, as follows:

[Roll No. 197]

YEAS—161

Allen, La.	Doughton, N. C.	Jenkins
Almond	Dworshak	Jennings
Angell	Eaton	Johnson, Ill.
Arends	Elliott	Jones
Arnold	Ellis	Jonkman
Auchincloss	Elsaesser	Kean
Barden	Elston	Kerr
Barrett, Wyo.	Ervin	Kinzer
Beall	Fallon	Knutson
Bender	Fellows	Kunkel
Bennett, Mo.	Fenton	Landis
Bishop	Fernandez	Larcade
Blackney	Fullton	Latham
Bland	Gamble	LeFevre
Bolton	Gary	Lewis
Brehm	Gavin	McConnell
Brooks	Gearhart	McCowan
Brown, Ohio	Gerlach	McDonough
Brumbaugh	Gillette	McGregor
Buck	Goodwin	McMillen, Ill.
Butler	Graham	Martin, Mass.
Byrnes, Wis.	Grant, Ind.	Mason
Campbell	Griffiths	Mathews
Canfield	Griggs	Morrow
Cannon, Fla.	Gwinn, N. Y.	Miller, Nebr.
Carlson	Hale	Mundt
Case, N. J.	Hall	Murray, Wis.
Case, S. Dak.	Edwin Arthur	Norblad
Chapierfield	Hall	O'Hara
Church	Leonard W.	O'Neal
Clason	Halleck	Peterson, Fla.
Clevenger	Hand	Phillips
Cole, Mo.	Hendricks	Plumley
Cole, N. Y.	Harter	Pratt
Cooley	Heseltun	Price, Fla.
Corbett	Hess	Ramey
Curtis	Hill	Randolph
D'Alesandro	Hinshaw	Reed, Ill.
D'Ewart	Hoffman, Pa.	Reed, N. Y.
Dirksen	Homes, Mass.	Rees, Kans.
Domengeaux	Hope	Rich
Dondero	Howell	Rivers

Rizley
Robertson, Va.
Robson, Ky.
Rockwell
Roe, Md.
Rogers, Mass.
Schwabe, Mo.
Schwabe, Okla.
Scrivner
Sharp
Short
Simpson, Ill.
Simpson, Pa.

Smith, Maine
Smith, Ohio
Smith, Va.
Smith, Wis.
Springer
Stefan
Sundstrom
Taber
Talbot
Tibbott
Towe
Traynor
Vorys, Ohio

Vursell
Wadsworth
Walter
Wasielewski
Weaver
Welch
Wigglesworth
Wilson
Winter
Wolverton, N. J.
Woodruff

Tolan
Torrens
Vinson
Welch

West
White
Wickersham
Winstead

Wolfenden, Pa.
Wood
Worley

NAYS—148

Abernethy
Andersen,
H. Carl
Andrews, Ala.
Bailey
Barrett, Pa.
Bates, Ky.
Beckworth
Biemiller
Bloom
Brown, Ga.
Bryson
Buchanan
Bunker
Byrne, N. Y.
Cannon, Mo.
Carnahan
Chapman
Chelf
Combs
Cooper
Cravens
Cresser
Davis
Delaney,
James J.
Delaney,
John J.
Dingell
Dolliver
Douglas, Calif.
Douglas, Ill.
Doyle
Ellsworth
Engle, Calif.
Feighan
Fisher
Flannagan
Flood
Fogarty
Forand
Gallagher
Gathings
Geelan
Gillie
Gordon
Gore
Gorski
Granahan
Green
Gregory
Gwynne, Iowa

Hagen
Hare
Harless, Ariz.
Hart
Havenner
Hays
Healy
Hedrick
Heffernan
Henry
Hobbs
Hoch
Hoeven
Holmes, Wash.
Hook
Huber
Hull
Jackson
Jarman
Jensen
Johnson, Ind.
Johnson,
Luther A.
Johnson,
Lyndon B.

Morgan
Murdock
Murray, Tenn.
Neely
O'Brien, Ill.
O'Brien, Mich.
O'Konski
O'Toole
Outland
Patman
Philbin
Pickett
Pittenger
Poage
Price, Ill.
Priest
Quinn, N. Y.
Rabaut
Rabin
Rains
Resa
Richards
Riley
Robertson,
N. Dak.
Rowan
Ryder
Sabath
Sadowski
Sasscer
Savage
Sheppard
Somers, N. Y.
Sparkman
Spence
Starkey
Stevenson
Stockman
Sullivan
Talle
Thom
Thomas, Tex.
Thomason
Trimble
Voorhis, Calif.
Whitten
Whittington
Wolcott
Woodhouse
Zimmerman

NOT VOTING—123

Adams
Allen, Ill.
Anderson, Calif.
Andresen,
August H.
Andrews, N. Y.
Baldwin, Md.
Baldwin, N. Y.
Barry
Bates, Mass.
Bell
Bennet, N. Y.
Bonner
Boren
Boykin
Bradley, Mich.
Bradley, Pa.
Buckley
Buffett
Bulwinkle
Camp
Celler
Chenoweth
Clark
Clements
Clippinger
Cochran
Coffee
Cole, Kans.
Colmer
Courtney
Cox
Crawford
Cunningham
Curley
Daughton, Va.
Dawson
De Lacy

Drewry
Durham
Earthman
Eberharter
Engel, Mich.
Folger
Fuller
Gardner
Gibson
Gifford
Gillespie
Gossett
Granger
Grant, Ala.
Hancock
Harness, Ind.
Harris
Hartley
Hébert
Hoffman, Mich.
Holifield
Horan
Izac
Johnson, Calif.
Johnson, Okla.
Kearney
Kefauver
Kelley, Pa.
Kilburn
Klein
Lanham
LeCompte
Luce
Ludlow
McGehee
McKenzie
Mahon
Maloney

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Ploeser for, with Mr. Peterson of Georgia against.

Mr. Hartley for, with Mr. Vinson against.

Mr. Taylor for, with Mr. Wood against.

Mr. Thomas of New Jersey for, with Mr. Camp against.

Mr. Hoffman of Michigan for, with Mr. Izac against.

Mr. Gillespie for, with Mr. Rayfiel against.

Mr. Drewry for, with Mr. Horan against.

Mr. Kearney for, with Mr. Sheridan against.

Mr. Fuller for, with Mr. Mansfield of Montana against.

Mr. Crawford for, with Mr. Pfeifer against.

Mr. Kilburn for, with Mr. Rooney against.

Mr. Wolfenden of Pennsylvania for, with Mr. Holifield against.

Miss Sumner of Illinois for, with Mr. Celler against.

Mr. Rodgers of Pennsylvania for, with Mr. Powell against.

Mr. Shafer for, with Mrs. Mankin against.

Mr. Bradley of Michigan for, with Mr. Kelley of Pennsylvania against.

Mr. Cole of Kansas for, with Mr. Kefauver against.

Mr. Gifford for, with Mr. Boykin against.

Mr. Harness of Indiana for, with Mr. Wickersham against.

Mr. Bennet of New York for, with Mr. Bradley of Pennsylvania against.

Mr. Andrews of New York for, with Mr. Eberharter against.

Mr. Engel of Michigan for, with Mr. Coffee against.

Mr. Allen of Illinois for, with Mr. De Lacy against.

Mr. Adams for, with Mr. Klein against.

Mr. LeCompte for, with Mr. Barry against.

General pairs until further notice:

Mr. Slaughter with Mr. Anderson of California.

Mr. Rankin with Mr. Bates of Massachusetts.

Mr. Bulwinkle with Mr. August H. Andersen.

Mr. Colmer with Mr. Clippinger.

Mr. Morrison with Mr. Johnson of California.

Mr. Combs with Mr. Hancock.

Mr. Sikes with Mr. Chenoweth.

Mr. Folger with Mr. Reece of Tennessee.

Mr. Pace with Mr. Buffett.

Mr. Hébert with Mr. Cunningham.

Mr. McGehee with Mr. Welch.

Mr. May with Mrs. Luce.

Mr. Miller of California with Mr. Baldwin of New York.

Mr. ALLEN of Louisiana changed his vote from "nay" to "yea."

Mr. VORYS of Ohio changed his vote from "nay" to "yea."

Mr. O'KONSKI changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

The SPEAKER. The Chair appoints the following conferees: Mr. MAHON, Mr. WHITTEN, Mr. GORE, Mr. JENSEN, and Mr. PLOESER.

RETENTION BY UNITED STATES GOVERNMENT OF REAL AND PERSONAL PROPERTY WITHIN THE PHILIPPINE ISLANDS

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent for the immediate

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DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued July 10, 1946
For actions of July 9, 1946
79th-2nd, No. 133

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HIGHLIGHTS: Senate debated price-control measure; agreed to Wherry amendment prohibiting control of livestock, poultry, eggs, or their food or feed products. Senate received nomination of Isleib to be Land Bank Commissioner. Both Houses agreed to strategic materials stock-piling bill conference report. Senate committee reported adversely on resolutions to reject President's reorganization plans. Senate received appropriation estimate for Swan Island animal-quarantine station. House received conference report on Government corporations appropriation bill. House received conference report on omnibus flood-control bill.

SENATE

1. PRICE CONTROL. Continued debate on H. J. Res. 371, to extend and amend the Price Control and Stabilization Acts (pp. 8564-99). Agreed, 49-26, to the Wherry amendment to prohibit price control on livestock, poultry, eggs, or their food or feed products (pp. 8597-8). Previously rejected, 25-51, a substitute amendment by Sen. Thomas, Okla., to include inedible products and to make the provision "iron-clad" (p. 8597). Sen. Eastland, Miss., offered an amendment to provide that price ceilings on cottonseed shall be sufficient to reflect to producers a price increase equal to the average percentage increase in support prices allowed to other principal competing vegetable-oil seeds since Aug. 1, 1942, after allowing for manufacturing or processing margin (p. 8598). Sen. Wherry announced that he will propose an amendment to prohibit ceilings on milk (p. 8598).
2. NOMINATION. Received from the President the nomination of James R. Isleib to be Land Bank Commissioner (p. 8599).
3. STRATEGIC MATERIALS. Both Houses agreed to the conference report on S. 752, to be known as the "Strategic and Critical Materials Stock Piling Act" (pp. 8584-5, 8602). As finally passed, the bill provides for this Department to cooperate in determining the materials which are strategic and critical and the quality and quantities to be acquired, and directs this Department to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined to be strategic and critical or substitutes therefor. This bill will now be sent to the President.

4. REORGANIZATION. The Judiciary Committee reported adversely S. Con. Res. 64, 65, and 66, to disapprove the President's reorganization plans (S. Repts. 1670, 1671, and 1672)(p. 8564).
5. ANIMAL-QUARANTINE APPROPRIATION. Received from the President a supplemental estimate for 1947 of \$85,000 for establishment and maintenance of the Swan Island animal-quarantine station (S. Doc. 236)(p. To Appropriations Committee, (p. 8563.))
6. LABOR. The Education and Labor Committee reported with amendments H. Con. Res. 148, creating a joint committee to study and recommend legislation concerning labor relations (S. Rept. 1673)(p. 8564).
7. RECLAMATION. The Irrigation and Reclamation Committee reported with amendment S. Res. 296, relating to utilization and disposition of the water resources of the Central Valley project (p. 8564).
8. WAR DEPARTMENT MILITARY APPROPRIATIONSBILL. Conferees were appointed in both Houses for a further conference on this bill, H. R. 6837 (pp. 8568-9, 8600-1, 8647).
9. RUBBER; SURPLUS PROPERTY. S.J.Res. 174 (as reported July 3) prohibits the War Assets Administration from disposing of any synthetic rubber plants and facilities, which cost the Government in excess of \$5,000,000, until six months after Congress receives OWMR's report and recommendations on a national rubber policy, but exempts styrene plants, furfural plants, carbon-black plants, not to exceed two alcohol butadiene plants, and copolymer plants.

HOUSE

10. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Received the conference report on this bill, H.R. 6777 (p. 8621). The conference report provides the following amounts for corporate administrative expenses: CCC, \$8,760,000 (Senate figure; House figure \$3,000,000); ECIC, \$7,340,000 (Senate figure \$7,800,000, House figure \$6,800,000); FPMC, \$3,750,000 (House figure, Senate figure \$1,875,000); FFCB's, \$1,500,000 (House figure, Senate figure \$1,688,501); PCC's, \$1,600,000 (House figure, Senate figure \$1,644,912); RACC, \$341,000 (House figure, Senate figure \$391,000); strikes out the limitations on CCC activities relating to sales below parity since these are now carried in permanent law; strikes out the provision (inserted by the Senate) that no CCC funds shall be used, during the fiscal year 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of the bill; eliminates the following language inserted by the Senate, "The types of programs set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it are approved, but the subsidy program shall be subject to the provisions of H.R. 6042", and inserts the following in lieu thereof, "Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law"; provides the following language for Federal Surplus Commodities Corporation: "Provided, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: Provided further, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for without the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor"; and changes the language making funds available for the purchase of passenger automobiles to read, "only for replacement of 'worn-out' vehicles" (the House word which was eliminated by the Senate was

"non-serviceable"). The Senate amendments concerning the proposed TVA fertilizer plant and the Watauga and South Holston Dams proposed by TVA were reported in disagreement.

11. TRADEMARKS. Agreed to the Senate amendment to H.R. 3424, to permit the removal of certain trademark registrations after expiry thereof (p. 8600). This bill will now be sent to the President.
12. RIVERS AND HARBORS. Agreed to the second conference report on H.R. 6407, the rivers and harbors omnibus bill (pp. 8650-1). The House had recommitted the bill to conference earlier in the day (pp. 8602-5).
13. TREASURY-POST OFFICE APPROPRIATION BILL. Agreed to the conference report on this bill, H.R. 5452 (pp. 8605-13). The House insisted further on its disagreement to the Senate amendment to the bill setting a 90.3-cent price for silver (pp. 8613-21).
14. LABOR-FEDERAL SECURITY APPROPRIATION BILL. Received the conference report on this bill, H.R. 6739 (pp. 8647-50).
15. FLOOD CONTROL. Received the conference report on H.R. 6597, the omnibus flood-control bill of 1946 (pp. 8646-7).
16. BRITISH LOAN. Continued debate on S.J.Res.138, to authorize a loan to Great Britain (pp. 8622-46).
17. PRICE CONTROL. Rep. Phillips, Calif., spoke opposing consumer subsidies and discussed prices now as compared to OPA ceilings, and inserted sundry statements on the subject (pp. 8652-3).
Received a Washington citizens' petition favoring OPA continuation without crippling amendments (p. 8653).
18. SURPLUS PROPERTY. Received the first quarterly progress report for 1946 from the War Assets Administration. To Expenditures in the Executive Departments Committee. (p. 8653.)

BILLS INTRODUCED

19. BUDGETING. H.R. 6984, by Rep. Whittington, Miss., to provide for balancing the Federal budget for the fiscal year 1947. To Expenditures in the Executive Departments Committee. (p. 8653.)
20. PUBLIC LANDS. S. 2412 (see Digest 130), to provide for site acquisition and design of Federal buildings, contains the same provisions as H.R. 6719, a summary of which appears in Digest 126.
21. PUBLIC LANDS; TAXATION. S. 2410 (see Digest 130) authorizes annual payment to each State of an amount equal to taxes on U.S. land in each State in which such lands include a national forest, a national wildlife refuge, lands administered under the Bankhead-Jones Farm Tenant Act or under the Taylor Grazing Act, lands in which title remains in the U.S. after sale until the purchase price is paid, Indian lands held in trust by the U.S., and lands leased by the U.S.; provides for apportionment to counties not to exceed 40% of the total expenditures of a county; and provides that each department head shall certify to the Secretary of the Treasury the acreage and fair value of lands under his jurisdiction.
22. HEALTH. H.R. 6922 (see Digest 126) creates a Department of Health to conduct research, experiments, and surveys and compile and disseminate information in cooperation with official agencies established in the several States; and transfers the Food and Drug Administration, Public Health Service, and others,

together with unexpended appropriations, to the new department.

ITEMS IN APPENDIX

23. DAIRY COOPERATIVES. Sen. Wiley, Wis., inserted a Country Gentleman article describing the operation of the Land O'Lakes Creameries, the world's largest dairy cooperative (pp. A4189-90).
24. MEAT SUBSIDIES. Extension of remarks of Rep. Vursell, Ill., criticizing meat subsidy payments and their relation to meat supplies and prices (p. A4190).
25. FERTILIZERS. Extension of remarks of Rep. Murray, Wis., criticizing Government operation of fertilizer plants and inserting a Wis. Council of Agriculture letter on the subject (p. A4197).
Extension of remarks of Rep. Hope, Kans., criticizing Government operation of fertilizer plants and inserting a Farmer Cooperative letter on the subject (pp. A4212-3).
26. WATER POLLUTION. Extension of remarks of Rep. Mundt, S. Dak., including a Fox Lake (Ill.) news item, on the need for legislation for water pollution control and prevention (pp. A4197-8).
27. FOREIGN RELIEF. Speech in the House by Rep. Flood, Pa., stating that he feels that there are communistically-inclined employees in UNRRA and inserting numerous news items on the subject (pp. A4201-12).
28. PRICE CONTROL. Rep. Dondoro, Mich., inserted a N.Y. Journal editorial, "OPA Bureaucrats' Claims Don't Jibe with Record" (p. A4191).
Rep. Luce, Conn., inserted N.Y. Herald Tribune articles criticizing the President's veto of the price-control bill (pp. A4191-2).
Extension of remarks of Rep. Carlson, Kans., including a constituent's letter, favoring subsidy removal and opposing price ceilings on livestock and grain (pp. A4200-1).
Rep. Hand, N.J., inserted an Atlantic City C of C letter to the President supporting the "hold-the-line" policy on prices (p. A4201).

BILL APPROVED BY THE PRESIDENT

29. D.C. APPROPRIATION ACT, 1947. H.R. 5990, includes appropriations for weight-measure investigations; inspection of foods; distribution of surplus commodities and relief milk; cooperation with this Department in providing milk for school children; administration of a food conservation program through Victory gardens, canning projects, etc.; and permits Federal purchases of products from D.C. penal institutions. Approved July 9 (Public Law 493, 79th Cong.).

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COMMITTEE-HEARINGS ANNOUNCEMENTS for July 10: S. Agriculture, wool and other bill (ex.); S. Education and Labor, health bill; S. Appropriations, third deficiency appropriation (ex.); H. Irrigation and Reclamation, Gila reclamation project; H. Expenditures in the Executive Departments, report of GAO on audit of REC war activities (ex.).

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For supplemental information and copies of legislative material referred to, call Ext. 4654, or send to Room 113 Adm. Arrangements may be made to be kept advised routinely, of developments on any particular bill.

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for the purchase of passenger automobiles to Ford, only for replacement of "worn-out" vehicles" (the House word which was eliminated by the Senate was

GOVERNMENT CORPORATIONS APPROPRIATION BILL,
1947

JULY 9, 1946.—Ordered to be printed

Mr. WHITTEN, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany H. R. 6777]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 8, 17, 19, 20, 21, and 22.

That the House recede from its disagreement to the amendments of the Senate numbered 9, 11, 12, 13, 15, 16, 23, 24, and 24½, and agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

In lieu of the sum proposed insert \$7,340,000; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the sum proposed insert \$34,553,000; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the sum proposed insert \$4,650,000; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: *Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law;* and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment, amended to read as follows:

Federal Surplus Commodities Corporation: Provided, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: Provided further, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor.

And the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows:

In lieu of the matter stricken out by said amendment insert *worn out*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, and 4.

JAMIE L. WHITTEN,
ALBERT GORE,
BEN F. JENSEN,

Managers on the Part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
ELMER THOMAS,
JOHN H. OVERTON,
C. WAYLAND BROOKS,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

No. 5 appropriates \$7,340,000 for administrative expenses, Crop Insurance Corporation, instead of \$7,880,000 as proposed by the Senate and \$6,800,000 as proposed by the House.

No. 6 limits administrative expenses of Panama Railroad Company to \$500,000 as proposed by the House instead of \$525,000 as proposed by the Senate.

No. 7 limits administrative expenses of the Reconstruction Finance Corporation to \$34,553,000 instead of \$33,553,000 as proposed by the House and \$35,553,000 as proposed by the Senate.

No. 8 strikes out a provision proposed by the Senate to restrict the subsidy program of the Reconstruction Finance Corporation to such programs as would have been authorized by H. R. 6042.

No. 9 limits the administrative expenses of the Federal Home Loan Bank Administration to \$1,400,000 as proposed by the House instead of \$1,501,000, as proposed by the Senate.

No. 10 limits administrative expenses of the Home Owners' Loan Corporation to \$4,650,000 instead of \$4,500,000 as proposed by the House and \$5,000,000 as proposed by the Senate.

Nos. 11 and 12 are formal amendments to change the sequence of items in the bill.

No. 13 limits administrative expenses of the Defense Homes Corporation to \$98,400 as proposed by the Senate instead of \$75,000 as proposed by the House.

No. 14 provides that nothing in the act shall be so construed as to prevent the Commodity Credit Corporation from carrying out all of its authorized programs.

No. 15 limits administrative expenses of the Commodity Credit Corporation to \$8,760,000 as proposed by the Senate instead of \$8,000,000 as proposed by the House.

No. 16 strikes out limitations on activities of the Commodity Credit Corporation. The same limitations are now carried in permanent law and therefore not required in the appropriation act.

No. 17 strikes out language proposed by the Senate.

No. 18 restores provision for the Federal Surplus Commodities Corporation and requires all administrative duties to be performed by the Commodity Credit Corporation.

No. 19 limits the administrative expenses of the Federal Farm Mortgage Corporation to \$3,750,000 as proposed by the House instead of \$3,875,000 as proposed by the Senate.

No. 20 limits administrative expense of the Federal intermediate credit banks to \$1,500,000 as proposed by the House instead of \$1,688,501 as proposed by the Senate.

No. 21 limits administrative expenses of the production credit corporations to \$1,600,000 as proposed by the House instead of \$1,644,912 as proposed by the Senate.

No. 22 limits administrative expenses of the Regional Agricultural Credit Corporation to \$341,000 as proposed by the House instead of \$391,000 as proposed by the Senate.

Nos. 23, 24, and 24½ are formal amendments correcting the text.

No. 25 limits purchases of automobiles to such purchases as may be necessary to replace worn-out vehicles.

AMENDMENTS IN DISAGREEMENT

Nos. 1, 2, and 3, relating to the Tennessee Valley Authority, are reported in disagreement pursuant to instructions of the House.

No. 4, relating to annual contributions under the United States Housing Act.

JAMIE L. WHITTEN,

ALBERT GORE,

BEN F. JENSEN,

Managers on the Part of the House.



The Clerk read as follows:

Senate amendment No. 40: Page 50, line 7, strike out all of section 301 and insert the following:

"Sec. 301. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law."

Mr. O'NEAL. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment No. 40, and concur in the amendment.

The Clerk read as follows:

Mr. O'NEAL moves that the House recede from its disagreement to Senate amendment No. 40 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

SUBCOMMITTEE ON APPROPRIATIONS

Mr. O'NEAL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Appropriations having in charge the Government corporations appropriation bill may have until midnight tonight to file a conference report and statement.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

(The conference report and statement are as follows:)

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 8, 17, 19, 20, 21, and 22.

That the House recede from its disagree-

ment to the amendments of the Senate numbered 9, 11, 12, 13, 15, 16, 23, 24, and 24½, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$7,340,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$34,553,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$4,650,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Federal Surplus Commodities Corporation: *Provided*, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: *Provided further*, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor."

And the Senate agree to the same.

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Members on the Part of the House.

KENNETH MCKELLAR,
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ELMER THOMAS,
JOHN H. OVERTON,
C. WAYLAND BROOKS,
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Members on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

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No. 4, relating to annual contributions under the United States Housing Act.

JAMIE L. WHITTEN,
ALBERT GORE,
BEN F. JENSEN,

Managers on the Part of the House.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Gatling, its enrolling clerk, announced that the Senate further insists upon its amendments numbered 27 and

28 to the bill (H. R. 6837) entitled "An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes," disagreed to by the House; asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. HAYDEN, Mr. OVERTON, Mr. RUSSELL, Mr. THOMAS of Utah, Mr. GURNEY, Mr. BROOKS, and Mr. REED to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 71. Concurrent resolution authorizing the reenrollment of the bill (S. 1746) to govern distribution of war trophies and devices, for the purpose of making a correction.

ANGLO-AMERICAN FINANCIAL AGREEMENT

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreement Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of Senate Joint Resolution 138, with Mr. WHITTINGTON in the chair.

The Clerk read the title of the bill.

Mr. WOLCOTT. Mr. Chairman, I yield 30 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, I think in the general excitement of the debate so far it will be good for us at this time to restate the simple facts of the case.

The bill before us implements the loan agreement made by the executive branch of our Government with the Government of Great Britain.

The Senate has approved the loan by a vote of 46 to 34. Our House Banking and Currency Committee by a vote of 20 to 5 brings the loan ratification legislation before the House for final action with a strong recommendation that the bill do pass.

The committee's recommendation that the House authorize the setting up of a \$3,750,000,000 credit to Great Britain at this time is based upon our absolutely necessary international economic policy, the main objective of which policy is to insure a balanced development of world trade, in which trade all nations, including our own, can participate on fair and equal terms.

World economic stability and prosperity are a primal condition of an assured peace and security for all nations. The United States of America and Great Britain, with her associated Commonwealths have been, are now, and must continue to be the great world trade leaders.

They can only continue to hold this place of world leadership and responsi-

bility by working together as partners in full cooperation and understanding.

In the Congress, as in the country at large, there is an honest difference of opinion on the question of this loan. An impressive array of economic facts and arguments is marshalled by able advocates on both sides, and as is common in human affairs passion and prejudice demand to be heard.

However, it must be self evident that no solution of so momentous a matter can be achieved which is based primarily upon racial or personal aversion to those faults and failures of British character and conduct which at this time seem to offend so deeply our admittedly unsullied national and personal virtue.

The objections to this loan advanced by various pressure groups who are interested only in their own objectives are not important. The economic and political considerations advanced against this proposed loan are important, and they are entitled to the respectful and fair judgment which their importance merits. But they are not decisive. There are certain larger considerations which transcend in urgency and importance all secondary issues and which constitute compelling reasons for favorable action by the House on this loan.

These larger considerations inhere in present and future world conditions. They will affect profoundly the destiny not only of our own country but of all mankind. They are no figment of a disordered social imagination. They are massive, practical, and potent as the tides of the sea. They are embedded in the very soul and center of an irresistible world evolution from which there is no escape for any race or nation. I firmly believe that these considerations express the plan and purpose of Almighty God for the entire human race which He has created and whose destiny He controls by changeless law.

What in specific terms are these larger facts, conditions, and considerations, which are of sufficient weight to make necessary for our own national welfare, and for the welfare of mankind, favorable action upon this loan to Britain?

We stand at this moment in the dark dawn of a new age. For the first time in the long and tragic history of man the entire human race faces a task which only the entire human race, working together, can finish.

In common with every other nation and race we have come to a world age. This in essence is that one divine far-off event toward which the whole creation has been moving through the centuries. This is the end implicit in the universalism of Jesus. This is the consummation of the spiritual vision which has lightened the shadowed pathway of mankind in days gone by.

Evidence of this stupendous reality confronts us on every hand.

In one generation we have had two world wars. The second of these world wars has involved in its sacrifices and resultant ruin every section and every race on the face of the globe.

For the first time in history 44 nations have combined through the organization, of UNRRA, for their own safety and in discharge of their acknowledged

moral obligation, to feed the starving, and rehabilitate shattered national institutions, wherever possible in the stricken areas.

A year ago, while still in the throes of world conflict, 51 United Nations sent delegates to San Francisco to write a United Nations Charter for a new world organization to insure future world peace, cooperation, progress, and security.

If all this means anything, it means that from now on the one supreme common task not only of America and Britain, but of every nation and race, is to build by united effort a new world civilization upon world principles and world policies, with organized world objectives, social, economic, and spiritual; with law taking the place of brute force everywhere; with understanding cooperation and mutual helpfulness gradually smothering the fires of class and racial hate, suspicion, and fear.

Each and every nation in this new age is of course under solemn obligation to set its own house in order by establishing just laws, a sound economy, and fair and equal opportunity for all individuals, classes, and interests. And each nation for its own safety and progress is under equally solemn obligation to do all that it can to make and keep the world a decent place in which to live.

We begin this inescapable task of creating a new world civilization, which will take centuries to complete, under at least three major handicaps.

First of these is the absence of a common moral standard among the nations by which the right or wrong of all international issues and relations can be decided.

The second of these major handicaps is the immeasurable diversity and inequality in tradition, culture and character among the peoples of the world, who must finally be welded into unity while retaining in full freedom their racial and spiritual identities.

The third of these handicaps, which is currently the most difficult and dangerous of them all, is the existence, side by side, of two great and powerful ideologies; mutually antagonistic; each backed by enormous material, economic and political power; each dominated by what seems to be irreconcilable moral standards, and economic, political, social and spiritual philosophies; and each deeply rooted in a long racial history out of which they have been born.

On one side of this ideological impasse, we have the United States of America, the British Commonwealth of nations, and an impressive group of other peace loving and progressive nations, standing in varying degrees for free self-government and free individualism; economic, social and spiritual.

On the other side we have Russia and her satellite and subordinate group of nations standing for absolute totalitarianism in government, and for the complete and unquestioning subservience of the individual to the despotic authority and control of the State.

This ideological impasse raises the question for which mankind through long ages of travail must find an answer.

The question is this. Is the new world civilization, which must now be created,

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DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued July 13, 1946
For actions of July 12, 1946
79th-2nd, No. 136

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HIGHLIGHTS: Senate passed price control. President approved bill to continue Land Bank Commissioner loans. Senate committee reported 3rd deficiency appropriation bill. Senate insisted, 23-53, on its amendment to strike out provision excluding packing-canning employees from NLRB. Senate agreed to McCarran motion to make President's reorganization plan unfinished business. House agreed to conference report on Government corporations appropriation bill; insisted on disagreement to Senate amendment authorizing TVA fertilizer plant. House laid on table resolution requesting Secretary to report on Mass. food-feed shortage. House Committee reported proposed Foreign Service Act sponsored by State Department.

SENATE

1. PRICE CONTROL. Passed 62-15. H. J. Res. 371, to extend and amend the Price Control and Stabilization Acts (pp. 8955-9010).

Agreed to the following amendments:

By Sen. Overton, La., to prohibit price ceilings on grain for which Grain Standards Act standards have been set and livestock or poultry feed processed therefrom; by a 42-36 vote (pp. 8960-3). This amendment was a substitute for the amendment offered by Sen. Bridges, N. H., which was then agreed to, as amended by the Overton substitute, by a 45-34 vote (pp. 8963-4).

By Sen. Hoey, N. C., to prohibit ceilings on tobacco and its products (p. 8964).

By Sen. Johnston, S. C., to prohibit ceilings on cotton textiles on the basis of determining the basic grey goods cost or the finished woven fabrics cost to which a mark-up is to be applied based on the degree of integration of the seller (p. 8966).

By Sen. Russell, Ga., to make pulpwood ceilings uniform throughout the country (pp. 8966-8).

By Sen. Murdock, Utah, to prohibit CCC or any other Government agency from absorbing increases paid for Cuban sugar over 3.675 cents a pound (pp. 8968-9).

Rejected the following amendments:

By Sen. Robertson, Wyo., to eliminate all price controls except on rents; by a 12-61 vote (pp. 8972-7).

By Sen. Wherry, Nebr., to prohibit ceilings for any commodity below the level

necessary to afford dealers but the margins in effect in 1940; by a 29-46 vote (pp. 8977-83).

By Sen. Pepper, Fla., to restore most of the price-control law as it was before July 1; by a 23-52 vote (pp. 8983-9001).

Sens. Wagner, Barkley, Radcliffe, Downey, Tobey, Taft, and Millikin were appointed conferees (p. 9005).

The measure, as amended, is printed in the Record (pp. 9005-10).

2. THIRD DEFICIENCY APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 6885 (S. Rept. 1708) (p. 8934). Provisions of the bill will be shown in Monday's Digest.

Sen. Cordon, Oreg., gave notice of intention to propose an amendment to authorize CCC to purchase surplus potatoes produced in 1946 and to dispose of such potatoes to any foreign country or UNRRA for foreign relief (p. 8935).

3. REORGANIZATION. On a motion by Chairman McCarran of the Judiciary Committee, made the President's reorganization plan 3 the unfinished business (p. 9010). The plans had been discussed earlier in the day by Sens. Wiley, Barkley, and others (pp. 8935-6, 8964-6).

4. LABOR-FEDERAL SECURITY APPROPRIATION BILL. Agreed to an additional conference report on this bill, H. R. 6739; and further conferees were appointed (pp. 8936-50). Insisted, 23-53, on striking out the Elliott amendment prohibiting NLRB orders, etc., regarding packing and canning employees (pp. 8938-50). House conferees were appointed also (p. 8932).

5. TREASURY-POST OFFICE APPROPRIATION BILL. Considered an amendment in disagreement regarding this bill (on silver prices, etc.); conferees were appointed for a further conference (pp. 8950-5).

6. WAR DEPARTMENT MILITARY APPROPRIATION BILL. Completed action on amendments in disagreement regarding this bill, H. R. 6837 (p. 8959). This bill will now be sent to the President.

7. VETERANS; TERMINAL LEAVE. H. R. 4051 (as reported July 11) provides for payment to enlisted members of the armed services for leave computed at the rate of 2-1/2 days per month, but not to exceed 90 days, less any leave taken, such payments to be made \$50 in cash and the balance in U. S. bonds to mature at 5 years, unless discharge occurred before Jan. 1, 1943, in which case payment will be all cash.

HOUSE

8. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6777 (p. 8862). The House further insisted on its disagreement to the Senate amendment authorizing a TVA fertilizer plant near Mobile, Ala.; after rejecting, 126-204, a motion by Rep. Whitten, Miss., to recede and concur with an amendment (pp. 8863-74). During the debate, Rep. Cooley, N. C., stated, "I have a letter from the Secretary of Agriculture and one from the master of the National Grange, both taking the position that this matter should be deferred until further consideration can be given it" (p. 8863).

9. FOOD SHORTAGE. Laid on the table H. Res. 565, requesting the Secretary to submit to the House a report on the food and feed shortage in Mass. (p. 8876). The motion was made by Chairman Flannagan of the Agriculture Committee, since he had received a letter from the Secretary on the situation. Rep. Rogers, Mass., said she was "not satisfied with what the Department of Agriculture has done in the distribution of food" (p. 8876). The resolution had been reported by the April



United States
of America

Please return to
LEGISLATIVE REPORTS AND SERVICE SECTION
Office of Budget and Finance

Congressional Record

PROCEEDINGS AND DEBATES OF THE 79th CONGRESS, SECOND SESSION

Vol. 92

WASHINGTON, FRIDAY, JULY 12, 1946

No. 136

House of Representatives

The House met at 10 o'clock a. m.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou eternal God, as we again enter the fellowship of prayer, may it be a veritable mount of vision where we shall receive insight and inspiration, wisdom and courage for the tasks and responsibilities of another day.

Grant that our minds and hearts may be sensitive and responsive to the pulsations of the higher life. Give us the interpreting light of Thy divine spirit as we seek to understand and solve the many problems which confront us.

Emancipate us from everything that is contrary to Thy holy will. May nothing impede the progress of Thy kingdom and the triumph of those principles of truth and righteousness which Thou hast ordained. Sustain us in steadfast loyalty, and may we covet more earnestly the commendation and the praise which Thou dost bestow upon the faithful.

In the name of the Christ we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Gatling, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6597) entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes."

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 174., Joint resolution prohibiting the War Assets Administration from disposing of certain synthetic-rubber plants and facilities until 6 months after a national rubber program has been submitted to Congress.

PRINTING OF HEARINGS RELATIVE TO THE INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE COMMUNIST PARTY

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept.

No. 2502) a privileged resolution (H. Res. 698) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the House Committee on Un-American Activities be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the Seventy-ninth Congress, first session, relative to the investigation of un-American propaganda activities in the Communist Party.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING REPORT ON THE INTERNATIONAL CONTROL OF ATOMIC ENERGY AS A HOUSE DOCUMENT

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 2503) a privileged resolution (H. Res. 697) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the report on the international control of atomic energy, prepared by a Board of Consultants to the Department of State, be printed as a House document.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING THE PRINTING AS A HOUSE DOCUMENT OF THE PROCEEDINGS OF THE ONE HUNDRED AND FIFTY-FIFTH ANNIVERSARY OF THE INDEPENDENCE OF POLAND

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 2504) a privileged resolution (H. Res. 700) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the addresses delivered in the House of Representatives on May 3, 1946, on the one hundred and fifty-fifth anniversary of the independence of Poland be printed as a House document, and that 15,000 additional copies be printed for the use of the House document room.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING REVISED EDITION OF THE RULES AND MANUAL OF THE HOUSE OF REPRESENTATIVES

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report a privileged resolution (H. Res. 674) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That a revised edition of the Rules and Manual of the House of Representatives for the Eightieth Congress be printed as a House document, and that 1,600 additional copies shall be printed and bound for the use of the House of Representatives, of which 700 copies shall be bound in leather with thumb index and delivered as may be directed by the Parliamentarian of the House for distribution to officers and Members of Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. JOHN J. DELANEY asked and was given permission to extend his remarks in the Record and include three editorials.

Mr. BIEMILLER asked and was given permission to extend his remarks in the Record.

Mr. LANE asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. FLOOD asked and was given permission to extend his remarks in the Record and include a resolution.

Mr. HEFFERNAN asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. TRAYNOR asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. GILLIE asked and was given permission to extend his remarks in the Record and include an editorial appearing in the Fort Wayne News-Sentinel.

Mr. MUNDT asked and was given permission to revise and extend the remarks he expects to make today in the Committee of the Whole and include certain charts, printed documents, editorials, and newspaper items.

Mr. MERROW asked and was given permission to extend his remarks in the Record and include a telegram from George M. Putman, president of the New Hampshire Farm Bureau Federation.

Mrs. LUCE asked and was given permission to extend her remarks in the RECORD in two instances and include several newspaper editorials in each.

CORRECTION OF THE RECORD

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent to correct the RECORD on page 8835 in the middle column, fourth line from the top, by striking out the word "the."

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

RENT CONTROL

Mrs. LUCE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentlewoman will state it.

Mrs. LUCE. Mr. Speaker, yesterday I offered, for consideration of the House, House Joint Resolution 372, to restore rent controls, a very serious and necessary matter. At that time the Speaker informed me that I had to present my request to him before bringing up the resolution. May I inquire at this moment when I shall have an opportunity to present that resolution to the House?

The SPEAKER. That resolution will come up in the proper fashion. The Chair understands that the committee to which it has been referred has not yet considered it. No member of the committee has asked that it be considered. The Chair will meet that situation when he comes to it.

Mrs. LUCE. May I ask what is the procedure for the committee to consider this resolution?

The SPEAKER. That is a matter for the committee. They make their own rules, if they do not violate the rules of the House.

Mrs. LUCE. Then this resolution cannot be presented by anyone by unanimous consent?

The SPEAKER. It can be presented by unanimous consent, but the Chair is not going to recognize for that purpose at this time.

EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the RECORD and include a short address delivered by him last night at Fort Stevens.

Mr. THOMAS of New Jersey asked and was given permission to extend his remarks in the RECORD in two instances and include in both two short editorials.

Mr. MATHEWS asked and was given permission to extend his remarks in the RECORD.

Mr. KEARNEY asked and was given permission to extend his remarks in the RECORD and include a letter received relative to the bill H. R. 6746, which he introduced.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include certain excerpts.

Mr. HESELTON asked and was given permission to extend his remarks in the RECORD and include a letter sent to the Speaker yesterday.

Mr. RICH asked and was given permission to revise and extend the re-

marks he expects to make on the British loan and include some excerpts.

CORRECTION OF ROLL CALL

Mr. MILLER of Nebraska. Mr. Speaker, on roll call No. 209 I am recorded as not voting. I was present and voted "nay." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill. The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 9, 1946.)

Mr. WHITTEN. Mr. Speaker, this is a unanimous report from the committee of conference.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. May I ask the gentleman a question concerning the section on sugar that came here from the other body, relating to the payment of subsidies to Cuba? I note that that section is not in the bill that is now being considered.

Mr. WHITTEN. On that amendment the Senate receded from its position. I do not know whether or not the gentleman is familiar with it, but that particular section was offered as about one-third of a suggested amendment in the Senate, and two-thirds of the proposed amendment went out on a point of order. It left about a third of it of which no one could give the meaning, not even the Senate conferees or those interested in the amendment in the Senate. That being called to the attention of the Senators in the committee of conference, the Senate receded from the amendment.

Mr. MILLER of Nebraska. It is my understanding that the Government agencies are paying a subsidy to Cuba now on sugar coming into this country, and this mitigates very much against the position of the beet and cane sugar growers in this country.

Mr. WHITTEN. I recognize what the gentleman is trying to reach, but I suggest that the amendment he is discussing and on which the Senate has receded did not reach that, because it was a limitation on an appropriation that was not made. There is no appropriation in this bill for any of those purposes and this was merely a restriction on funds appro-

priated where actually no funds are appropriated.

Mr. MILLER of Nebraska. I hope the gentleman recognizes the merits, however, of such a procedure.

Mr. WHITTEN. Well, that question may be involved, but I do recognize the people need as much sugar in this country as they can get at this time and, of course, we are not losing track of the needs of the people engaged in that industry here.

Mr. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RIVERS. Does this report carry the authorization for the construction of the fertilizer plant that we kicked out the other day?

Mr. WHITTEN. The report is a unanimous report of the committee, and the matter to which the gentleman refers will be handled by an amendment and any controversy with regard to that item can be cleared up in debate on the amendment which will come up in due time.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RICH. Will we have an opportunity to discuss that if a motion is made to recede and concur?

Mr. WHITTEN. Ample opportunity will be given for debate on that question.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

CALL OF THE HOUSE

Mr. PLOESER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. GORE. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 216]

Adams	Curlcy	Horan
Almond	Curtis	Johnson, Calif.
Anderson, Calif.	Dawson	Johnson, Ind.
Andrews, Ala.	De Lacy	Johnson,
Andrews, N. Y.	Dingell	Lyndon B.
Baldwin, Md.	Domengeaux	Johnson, Okla.
Barry	Douglas, Calif.	Kee
Bates, Ky.	Doyle	Keefe
Beckworth	Durham	Kefauver
Bell	Earthman	Kelley, Pa.
Bennet, N. Y.	Eberharter	Keogh
Bloom	Ellsworth	Kilday
Boren	Engel, Mich.	Lecompte
Boykin	Ervin	Lemke
Bradley, Pa.	Fellows	Lewis
Brehm	Fernandez	Ludlow
Brooks	Gardner	McGehee
Bryson	Geelan	McGlinchey
Bulwinkle	Gibson	McGregor
Byrnc, N. Y.	Gillespie	McKenzie
Camp	Gossett	McMillan, S. C.
Cannon, Fla.	Granger	Mahon
Case, N. J.	Grant, Ala.	Mankin
Celler	Hall	Mansfield,
Chapman	Edwin Arthur	Mont.
Cochran	Hancock	Mansfield, Tex.
Coffee	Harless, Ariz.	Mason
Colmer	Harris	May
Cooper	Hart	Miller, Calif.
Cox	Hays	Morrison
Cravens	Hébert	Murphy
Crawford	Hendricks	Norblad
Cunningham	Holfield	Norrell

Norton	Sadowski	Tolan
Patrick	Sheppard	Torrens
Peterson, Ga.	Sheridan	Vinson
Pfeifer	Short	Voorhis, Calif.
Philbin	Simpson, Ill.	Wadsworth
Plumley	Simpson, Pa.	Weaver
Powell	Slaughter	Welch
Quinn, N. Y.	Somers, N. Y.	West
Rabaut	Sparkman	White
Reece, Tenn.	Starkey	Wickersham
Reed, Ill.	Stewart	Winstead
Rizley	Stockman	Wolfenden, Pa.
Robinson, Utah	Sumner, Ill.	Wood
Roe, Md.	Talbot	Woodhouse
Roe, N. Y.	Tarver	Worley
Rooney	Taylor	Zimmerman

The SPEAKER. On this roll call 288 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 2, after "Dam", insert "and beginning construction of a fertilizer manufacturing plant at or near Mobile, Ala."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur in the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment, insert "and \$3,000,000 for beginning construction of a fertilizer plant at or near Mobile, Ala."

Mr. CASE of South Dakota. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Speaker, it is my recollection that at the time this conference report was before the House previously a motion was made by the gentleman from Pennsylvania [Mr. RICH] instructing the conferees to disagree to the Senate amendment and insist upon our position. I have been told inferentially that at the conference no attempt was made to have the other body vote upon the disagreement. At least I have found no record of a vote by the other body. Under the precedents of the House, when one body proposes an amendment and it subsequently is taken to the other body and there is disagreed to, in comity the body proposing the matter should at least take a vote upon the proposition or recede from its position. It seems reasonable that the other body would do so, if the conferees were to follow the instructions given them. Consequently, I make the point of order that the conferees have disregarded their instructions and exceeding their authority in bringing the matter back to the House for a vote before it has been considered by the other body.

The SPEAKER. Of course, the instructions of the House could apply only to the conferees on the part of the House. They could not apply to the conferees on the part of the Senate. The Chair overrules the point of order.

Mr. PLOESER. Mr. Speaker, I offer a preferential motion. I move that the

House insist on its disagreement to the amendment offered by the Senate.

The SPEAKER. That motion does not have preference over a motion to recede and concur with an amendment.

Mr. PLOESER. The motion is to recede and concur with an amendment.

The SPEAKER. There is a motion pending, offered by the gentleman from Mississippi, to recede and concur with an amendment.

Mr. TABER. If the Speaker will permit me, it was a motion to recede and concur with an amendment.

The SPEAKER. That is correct.

Mr. TABER. Therefore, that makes this motion preferential, as I understand.

The SPEAKER. A motion that the House insist on its disagreement does not take precedence over a motion to recede and concur with or without an amendment since a motion to recede and concur leads to a conclusion of the matter more expeditiously than a motion to further insist. If the House should vote down the motion to recede and concur with an amendment, then the motion of the gentleman from Missouri would be in order.

Mr. PLOESER. Mr. Speaker, I withdraw the motion.

[Mr. WHITTEN addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. WHITTEN. Mr. Speaker, I yield 30 minutes to the gentleman from Iowa, to be in turn yielded by him.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Speaker, the statement has been made that this matter has been before the House on former occasions. It is a fact that it was here on at least one former occasion, January 22, 1942, at which time the gentleman from Massachusetts [Mr. WIGGLESWORTH] made this statement:

The amount requested for the fertilizer program is about \$7,300,000 as compared with about \$4,300,000 in the current fiscal year. The difference being accounted for by an item of \$3,000,000 for a new phosphorus plant at Mobile, Ala., considered essential for immediate national defense needs.

At that time, Mr. Speaker, we were engaged in war but now we have returned again to the pursuits of peace. I wonder if this proposition which was brought before the House during the time when the future of civilization was imperiled should now be considered upon exactly the same basis as it was at that time.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. WIGGLESWORTH. If my memory serves me correctly no appropriation for TVA was made in 1944 or 1945 except by way of reappropriation. Therefore this was the only time this matter was really on the floor.

Mr. COOLEY. May I ask the gentleman if he is now in favor of this proposition?

Mr. WIGGLESWORTH. I certainly am not. A year ago this time, when the Senate attempted to put it in the Inde-

pendent Offices appropriation bill I opposed it as a conferee. It was thrown out in conference.

Mr. COOLEY. The proposition before the House is merely this: Are you in favor of putting the Federal Government in business in time of peace?

Of course, there is a shortage of fertilizer, but there is also a shortage of a thousand other article at the present time. If we are going to build a \$7,000,000 fertilizer plant down at Mobile, the next thing will be a flour plant in Kansas, a tobacco plant in North Carolina, and a plant in every other phase of industry known to American life.

Mr. Speaker, there is one thing I want to mention, and that is, when this matter was considered by the other body it came before a subcommittee composed of 14 Members of the Senate. The RECORD of June 24, 1946, disclosed the fact that there were only 3 Senators present, 11 Senators absent. The matter was was not, and has not been, discussed before the Senate, yet for some reason our conferees did not insist that it be discussed in the Senate before bringing it back to us.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. PLOESER. Mr. Speaker, I yield the gentleman one additional minute.

Mr. COOLEY. Mr. Speaker, there is a bill pending before the legislative committee of the House, the Committee on Agriculture, which refers specifically to the Mobile plant and, although it has been before that committee since 1945, the chairman of our committee has never even mentioned the bill to the members of the committee, nor has he referred it to a subcommittee. So the proposition is, are you going to put the Government in business without giving industry itself an opportunity to be heard? Only one farm organization, the Farm Bureau Federation, has been heard. I have a letter from the Secretary of Agriculture and one from the master of the National Grange, both taking the position that this matter should be deferred until further consideration can be given it. Why was not the Grange notified? Why did not the committee insist upon the Department of Agriculture sending its experts to testify about this matter? Why was not industry given an opportunity to appear before some committee of Congress and state its position with regard to this matter? Industry will manufacture, with existing facilities, all the rock that is made available, and I think the Mobile plant should be defeated.

The question presented is, shall we use the taxpayers' money to finance the construction, maintenance, and operation of a fertilizer-manufacturing plant when private industry has been hamstrung and handicapped during a time of war and when private industry is now ready, anxious, and willing to increase the production of essential and badly needed fertilizer? This is not an experimental plant. It is a manufacturing plant which, if constructed, will be in direct competition with private industry. As I said when this matter was before the House a few days ago, my State of

North Carolina uses more commercial fertilizer than any other State in the Union. I am, therefore, in favor of more, better, and cheaper fertilizer, but, at the same time, I am anxious for private industry to have an opportunity to function and to perform to the utmost of its capacity and only as a last resort would I favor putting the Government into the business of manufacturing fertilizer. All the evidence shows that no immediate relief could be afforded by the building of the proposed plant which, according to the evidence, it would take 18 months to construct.

As a member of the House Committee on Agriculture, which committee has, and of right should have, interest in all matters pertaining to the welfare of agriculture, I am perfectly willing to give consideration to the bill which is now pending before our committee and to go into the matter fully, and to afford all persons desiring to be heard ample opportunity to present their views. We should not set a precedent of this kind until all pertinent information bearing on the subject has been obtained and considered carefully by legislative committees. I, therefore, urge that the pending motion be defeated.

The SPEAKER. The time of the gentleman from North Carolina has again expired.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON of Florida. Mr. Speaker, while we are discussing the building of the Mobile plant, which is clearly a Government-owned plant in competition with private business, we might consider for a moment certain shortages that exist at the present time. There is a shortage of steel and iron for the development of mining at the present time. The mining companies are trying to get equipment and priority assistance for equipment for the mines. So the problem is to see to it that there is adequate mining equipment in order that mining can go on and secure sufficient phosphate for the existing facilities and processing plants.

The TVA can carry on a very worthy project and the Department of Agriculture, by experimentation and research through its various demonstrations, has shown what can be done. They can do a fine job, but there is no need for them going into the field of manufacturing superphosphate or triple superphosphate. Those processes have already been worked out. They are not going into a new field. They are simply manufacturing in a field that has already been explored. We recognize the fact that there have been problems with reference to the distribution of fertilizer. Of course, phosphorous is necessary in many portions of the country, but, may I say, we have on the public domain in the West great deposits of phosphate and pilot plants for only development of processes, and experimentation could be built out there for far less expense and the mining processes developed, also the improvement of processes of getting the phosphorous from those deposits could be used for assistance and cooperation with business instead of governmental competition.

Mr. Speaker, there is no need in this particular area for such a plant. It is actually a waste of Government money. It is going into a field that is no longer experimental. We have other places where they can wisely spend money in the experimental field. Today there is a shortage of potash which is also one of the great fertilizer materials. A great portion of the potash is on Government-owned land. Equipment for mining is what we need. Not the use of new plant when there is a shortage for existing plants.

Mr. Speaker, I hope the motion will be defeated.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Speaker, the insistence of the Senate for an appropriation to build a Government-owned and operated fertilizer plant at Mobile, Ala., raises an issue that that the membership of this House should take cognizance of. The issue is whether we as a Nation should favor construction of a Government plant to enter into competition with privately owned and operated private plants of the same character. In other words, the issue is Government versus private enterprise.

In the short time allotted it is my intention to speak only on this one phase of the question. Others have and will speak on the other phases that are involved, including the lack of necessity for the Government to enter into this domain of private enterprise, and, also that it is unwise to legislate in this manner on an appropriation bill.

This is the first postwar opportunity that we, as Members of the Congress, have had to record our position on the all-important question whether we believe it is for the best interest of our country, with its basic free-enterprise system, to set up under a Government agency a business in competition with private enterprise. My recent trip to the countries of Europe and the Near East, including Russia, emphasizes my belief that adherence to the private-enterprise system should be our constant concern as providing the best means for the continued advancement of our Nation and its people. The fundamental question that we will decide by our vote on the matter now before us is whether we believe in the private-enterprise system that has helped make this Nation strong and free.

This question today, my colleagues, brings us to a cross road. We must decide what road we will take. If we decide to put our Government in the fertilizer business, then it would be a justification on another occasion to put our Government in some other business now carried on by private capital. Thus, once we break away from the basic and fundamental principle of free private enterprise, it will be easier to do so again to the detriment of other industries.

Is there any Member of this body from my State of New Jersey who would advocate the setting up by the Government of a garment factory, woolen mill, radio factory, or any other type of industry in our State to be in competition

with similar private industries? If so, I yield to him to so state.

Is there a Member from Connecticut who will advocate that the Government set up a Federal thread factory, or a hat or machine-manufacturing plant in that State? If so, I yield to him to so state.

Is there a Member from Michigan who will advocate a Federal automobile or furniture factory to be built in that State? If so, I yield to him to so state.

Is there a Member from Wisconsin who will advocate a Federal milk plant in that State? If so, I will gladly yield to him to so state.

Is there a Member from Minnesota who will advocate a Federal flour mill in his State? Is there a Member from North Carolina who will advocate a Federal cigarette factory in his State? Is there a Member from Illinois or Iowa who will advocate a federally owned and controlled packing plant in his State? Is there a Member from California who will advocate a Federal fruit processing establishment in his State? And, is there a Member from any farming State, North, East, South or West, who will advocate Federal operation of farms in his State? And, so I might continue until I had mentioned the industries which have made each of our States distinctive and great.

There is no use criticizing Great Britain because it has adopted a form of Socialistic government, nor Russia because of its statism, if you vote today to go down the road to either or both. Yes, my colleagues; the hour is here when each and every one of us must decide whether we stand for free private enterprise or whether we are willing to cast aside this great principle of a free people and succumb to statism.

My allegiance to American principles impels me to vote against such a proposal now, and on any and all occasions when the issue is as clear as that presented to us today in the matter now under consideration. I want the people of my district to be assured of my vote that I am on the side of American free enterprise that has made America the greatest industrial Nation in the world.

(Mr. WOLVERTON of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, as I stated when this question was up before, this is a national problem, a problem that affects every man, woman, and child in America. Our soil has been whittled away over the years until we find today that we only have 6 inches of topsoil compared with the 9 inches we originally had, and when we begin to realize that the foundation of this Government is resting upon 6 inches of top soil, we begin to appreciate the importance of this problem.

They talk about free enterprise. Yes; I heard that when we established TVA, but TVA as a yardstick has saved our power consumers of America millions of dollars a year. I am also telling you that TVA, as a yardstick in the manufacture of nitrate fertilizer, has saved the farmers of America millions of dollars per year. It has not only developed a

fertilizer that can be bought at a lower price but it has increased the content of the plant food from 16 to 49 percent. When you bought commercial fertilizer heretofore, before we had TVA, you were buying 100 pounds of filler in order to get 16 percent of plant food. The farmer had to pay the freight on that high filler fertilizer he had to pay extra help to scatter all of that filler.

We need this pilot plant in order to develop our fertilizer, to find out just how high we can go in the plant-food content, to reduce the cost, and in order to develop a yardstick by which fertilizer prices will be measured. I hope it will be the pleasure of this House to adopt this amendment.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota: Mr. Speaker, I have in my hand the hearings of the Joint Committee To Investigate the Adequacy and Use of Phosphate Resources of the United States, made in 1938. The gentleman from Florida [Mr. PETERSON], the gentleman from Washington, a former Member of this House, Judge Leavy, and I were the members of the committee from the House of Representatives. The Senator from Florida [Mr. PEPPER], the Senator from Nebraska, Mr. George Norris, and the Senator from Idaho, Mr. Pope, were the members from the Senate.

When we started the hearings it was supposed that we had about 100 years of phosphate reserves in this country. When we concluded it was agreed that we had at least 2,000 years of phosphate reserves in this country, and they are located not merely in Florida and Tennessee but also in Arkansas, Idaho, and Utah.

If we were in need of another experimental plant, common sense would dictate that it be at some distance from the present plant in the Tennessee Valley, but whether or not we need another plant is open to serious question.

The gentleman who just spoke [Mr. FLANNAGAN] spoke of this as a need for a pilot plant or experimental plant. Back in 1938 objection was already heard that the Tennessee Valley plant with its three blast furnaces had already gone beyond the experimental stage and was in competition with commercial plants. I quote from the testimony that was developed by Senator Norris, and certainly no one will contend that he was against the Government's going into business; he would be disposed the other way. Senator Norris asked this question:

Now, going on that theory, I think it is conceded that there is a line beyond which the Government ought not to go, but you disagree with them, as I understand your position, in that they have gone beyond that line, and they are manufacturing fertilizer and just selling it to Tom, Dick, and Harry?

Mr. DEAN. Yes.

Then at another point when the Senator was asking the witness about the cost of fertilizer, Mr. Dean said:

It costs them equally as much in the end. And most of them are using it for this reason: If they do not use it, they are afraid they will not get their allotments, will not

get their checks, will not get their money. A great many of them are these boys in the county agent's office that do this soliciting. They do not say, "You can buy your fertilizer from the Knoxville Fertilizer Co., or John Jones, or Jim Smith, and you will get credit for it." They say, "We have some TVA fertilizer here for you. We want you to get it. You ought to take it." The man demurs a little, and the agent says, "Well, you know, we got you a nice allotment," and so on. I am here to tell you it is a racket.

So, I submit, Mr. Speaker, that if TVA's fertilizer operations back in 1938 were already criticized for going beyond the demonstration field and into competition with commercial plants, there is no need now for another yardstick, pilot experimental, or demonstration plant. TVA has been that and more for years.

Mr. GORE. Mr. Speaker, the importance of soil fertility to human nutrition and to civilization cannot be overlooked or overestimated. Human life and society are dependent on plant life both as a source of food and a source of raw materials for much of our industry. Plant life, in turn, depends upon a fertile soil.

To realize the importance of national policy on fertilizers or of soil conservation one has but to look to the depleted soils and the effects of malnutrition upon the people of some of civilization's oldest countries. Striking as they are, though, Mr. Speaker, we can observe the effects of only 150 years of cultivation upon our own soil and perhaps we will be even more astounded at what we find.

Here and there, there are striking examples of the effects special soil and water elements have upon people. In some localities, for instance, it is said that the prevalence of goiter is a result of a deficiency of iodine. On the other hand, I have read some interesting stories about Deaf Smith County, Texas, where because of the peculiar quality of its soil and its water not a dentist can be found in the county and it is said that there is little need for one.

In visiting a number of islands in Pacific Oceania last year I was greatly impressed by the differing physical features, particularly the variation in size, of the natives. On Guadalcanal, for instance, the natives were scrawny and rather small; whereas, on Fiji most of the natives were almost towering giants. I made inquiry as to the cause of this and I was informed that the elements of the soil were regarded as the principal factors contributing over the centuries as to the large physical stature of native Fijians.

It is recognized, also, that deficiencies and toxic conditions are sometimes present in soil where fertility is such as to yield abundant crops. More frequently, however, nutritional deficiencies are associated with low fertility and low crop yield. Experiments have shown, though, that yield per acre is by no means the best way to judge the capacity of a particular soil to supply human and animal nutritional needs.

Good nutrition in man is dependent to a large degree on the production of good animal products. This involves quality of pastures and quality of feeds. Experiments have shown that nutritional disor-

ders in animals have been closely associated with soil deficiencies, while on the other hand, many experiments have shown marked improvement in animal life and nutritional qualities of the animal product where soil deficiencies have been supplied. The King Ranch in Texas has obtained remarkable experimental results in this regard.

A one hundred bushel crop of corn requires about 150 pounds of nitrogen, 50 pounds of phosphoric acid, 100 pounds of potash and substantial quantities of calcium, magnesium, sulfur and other elements.

The depletion of the principal soil elements—nitrogen, phosphoric acid, and potash—from America's soil is perfectly alarming. A wise program of soil conservation has done much to offset the dangerous trend toward low fertility and dangerous deficiency. But this is not enough.

The chemical elements necessary to plant growth are found in the soil, in the air, and in the water. Nitrates can be taken from the air and stored in the soil through use of legumes or it may be produced as nitrate of soda or ammonium nitrate in chemical fertilizer plants. The mineral elements necessary to plant growth, however, must be secured from the earth itself. The most important mineral element is phosphorus. Ample scientific data and practical everyday experience show that the lack of sufficient phosphorus in the soil limits the choice of the farmer as to the kinds and amounts of products he can grow on his soil. Phosphorus must be mined from the earth and distributed to the soil. The raw phosphate ore exists in ample quantities in phosphate deposits in the Rocky Mountain States where they are relatively undeveloped because of distance from the market; in Florida where mining and processing is now highly developed, and in Tennessee where the deposits are rapidly being depleted.

The process of mining and producing phosphatic fertilizer badly needs technological improvement. Great strides have been made by the TVA in producing nitrate fertilizer more economically and in a more concentrated and usable form. True, the TVA and the fertilizer industry have made some progress and improvement in producing concentrated phosphates but the degree of technological improvement is quite unsatisfactory. A large percentage of phosphate fertilizer is still bagged and shipped as so-called superphosphate, a trade misnomer, which contains only 16 to 18 percent of pure phosphate plant food. For filler the industry uses ground peanut hulls, ordinary dirt or just plain sand. One of my colleagues and I were bantering about this bill in the cloak room and he said to me, "Sand from my State is good fertilizer for most of the country." Mr. Speaker, I relate this joking remark because it illustrates one of the matters with which farmers are dissatisfied. They do not like to have to pay freight on a lot of sand and dirt and peanut hulls and labor to distribute it on their land in order to get a little real plant food.

The fertilizer industries have banded together and they have employed a high-

powered staff here in Washington, at salaries ranging far above congressional salaries, and they are fighting to the last this proposal to have the TVA build a fertilizer plant in Mobile, Ala., for the purpose of improving and demonstrating improved methods of producing and distributing triple superphosphate which will have a high percentage of pure plant-food content, 48 to 50 percent. Why does the fertilizer trust oppose the building of this plant? Do they fear competition? Surely that is not it, Mr. Speaker, because this plant could only produce at its maximum about 5 percent of the existing productive capacity and the existing capacity is less than one-fourth of the demand for phosphatic fertilizer. What then, is the fear? It is the fear that by example in production and distribution of a concentrated form of fertilizer, they will be forced to improve their methods and to distribute better fertilizer to the farmer at cheaper prices.

I think their fears are well grounded and that is why I so strongly support this proposal. Indeed, I think this would be the real result of the establishment and operation of this proposed plant by the TVA. That is exactly what has happened in the nitrate field. Since the TVA's experimentation and development of the use of concentrated nitrate fertilizer, the demand has greatly increased, the industry has tremendously improved its methods and the price to the farmer has been cut almost in half. In addition, a much more desirable and usable form of concentrated nitrate has been developed and is now available to the farmer.

It has been said here that the issue is private enterprise versus socialism or Government in business. This is now my eighth year in Congress and I do believe I have heard that same cry every time we have really tried to initiate a program beneficial to the farmer. One does not have to renounce his allegiance to our system of free enterprise in order to support this proposal. Indeed, whenever free enterprise is not meeting the challenge as was the case with the public utilities when TVA was created, as was the case when we created the Rural Electrification Administration, the Government is not only within its right but I think we, as the people's representatives, are bound by duty to set in motion programs to demonstrate and prove a principle of value to the people. Such procedure frequently aids industry in the long run. I do not believe the fertilizer industry is meeting the challenge today. Both the challenge and the problems are enormously important to the American people, city dweller, and farmer alike. I believe we would be amply justified in having the Government build this plant to experiment and produce and demonstrate methods of production and distribution of a concentrated form of phosphatic fertilizer.

Mr. Speaker, the most fertile land in America can be found in the Midwest. But it is there that we have had the greatest depletion of phosphoric acid in the soil, and there, Mr. Speaker, is where the need is most acute for phosphatic fertilizer. For instance, in the great State of Iowa—and I would like to talk

for a moment to my distinguished friends the able Representatives from that great State—that great State is regarded as the most fertile of all. Yet, in 1941, they used an average of less than one-half pound of fertilizer per acre of tillable land. Whereas the State of South Carolina, which is by no means regarded as being blessed with the top fertility of the Nation, used an average of 50 pounds per acre of fertilizer. What was the result? I will give you the results from a study which I have in my hand, a study made by very competent men, entitled "Fertilizers in the Postwar National Economy." The result of this greater use of fertilizer, or at least the partial result, differing in character of crops, making accurate comparison impossible, is that the average acre value of crops in Iowa for the year was \$32.80, whereas in South Carolina in the same year, where they used 50 pounds of fertilizer per acre, the average crop value per acre was \$133.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. GORE. I am delighted to yield to my distinguished and able colleague on the committee from Iowa.

Mr. JENSEN. I might say that the main reason for our small use of fertilizer was brought about primarily because in the State of Iowa the farmers could not get the necessary fertilizer. We got a very small portion. We did not get our share of fertilizer, while the Southern States got more than their share. And that is the primary reason why I will not take an action which might hinder my Iowa farmers from getting much needed fertilizer.

Mr. GORE. It is to relieve that exact problem that this question is here. The demand for this fertilizer plant did not arise in South Carolina. It did not arise in the Tennessee Valley area. It came from the Middle West, from the very area where the gentleman says there is a scarcity of fertilizer and where he says it cannot be obtained. I agree with the gentleman that it cannot be obtained and one of the main reasons is the large freight rates on a lot of extra sand and dirt that is packaged in 100-pound bags and sold to the farmers for fertilizer when it is nothing but filler. I congratulate the gentleman, he is a friend of the farmer.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield.

Mr. RICH. Is it not a fact that private industry if given the opportunity have made applications for plants now that will exceed four or five times what they are trying to do here now under Government operation and, therefore, if private industry is given an opportunity to produce this material they can do it for \$75 a ton, while it costs the Government \$93 a ton.

Mr. GORE. First, may I say that there is no proposition here to meet all of the demands for fertilizer. This is a demonstration plant to produce a concentrated form of fertilizer. Its maximum production would only be a small percentage of the country's total. The example, though, would, I believe, be very important. The gentleman says

that private industry can manufacture it cheaper, but the answer is that they have not done so. He points to \$93 as the cost of the TVA plant production in 1945. The fact is that in 1945 the TVA plant at Muscle Shoals was engaged in war work making elemental phosphorus for the War Department. The only fertilizer that they made in 1945 was a byproduct of elemental phosphoric production for the Army. It is in no way a fair measure of production cost. In 1941, the last year of normal fertilizer production by the Muscle Shoals plant, the TVA cost was \$62 per ton of P.O.₅.

Mr. Speaker, there is another item in this conference report which I strongly support and that is an appropriation for the completion of the Watauga and South Holston Dams in east Tennessee.

The construction of the Watauga and South Holston Dams was arrested by the War Production Board during the war, just as many another project throughout the land was stopped in order to conserve vital materials and labor. They stand now gaunt, and partially completed structures of absolutely no use in their present state. The advisability of completing them is unquestioned. The only controversy involved relates to the time and the manner of completion. Some have argued that completion of these projects should be further deferred in order to avoid competition with the veterans' housing program for materials. Were this the general policy of the Government, I would be content to apply similar treatment to the Watauga and South Holston projects. This, however, is not the case. By action of the Congress and the approval of the President, the Corps of Engineers have resumed construction of many flood-control, hydroelectric, and navigational dams throughout the land which were stopped during the war by the same WPB order that stopped the Watauga and South Holston developments. Therefore, in recommending an appropriation for the resumption of work on these two dams, we are but following a policy previously established by the Congress.

Moreover, it should be pointed out that the building materials to be used in the completion of these projects are largely items not in acute shortage, such as native stone, cement, and steel. As to housing for workers, the TVA has sufficient portable housing that can be moved from the nearly completed Fontana Dam to begin immediate construction of the Watauga Dam, thus avoiding any real interference with the veterans' housing program.

Also, sufficient heavy machinery and equipment can be moved from the Fontana site to begin immediate construction of the Watauga Dam.

The Senate included in the bill which it passed, not only more funds than could be wisely and economically expended on these projects in the fiscal year, but, unwisely I think, included language which would require the TVA to build the two dams, only a few miles apart, simultaneously.

The TVA engineers, Mr. Speaker, say this would be unwise from the standpoint of engineering efficiency, and wasteful and extravagant from the standpoint of economical hydroelectric dam construc-

tion. I requested the Washington office of the TVA to secure a statement from the TVA engineers with respect to the proposed simultaneous construction, how much additional cost it would entail, and so forth. At this point I would like to read to you their reply:

Seventeen million six hundred and sixty-six thousand dollars of the increase recommended by the Senate committee would permit resumption of construction on Watauga and South Holston Dams. Of this amount \$10,666,000 was recommended by the Budget, but not approved by the House. TVA urgently requests that the House conferees agree to the appropriation of this amount which, as you are aware, will permit active construction to begin on Watauga at once and preparation to go forward for the commencement of actual construction on South Holston in the following fiscal year.

The additional seven million represents the additional amount estimated by TVA engineers as necessary if Congress should direct construction to begin on South Holston in the fiscal year 1947. For reasons set out in the Senate hearings where the question of constructing South Holston in the fiscal year 1947 was first raised, TVA does not consider the concurrent building schedule a desirable one.

You are familiar with the general situation with respect to these two projects. Resumption of construction on Watauga was given priority because of its greater importance as a flood control project. For this project TVA has on hand or there is known to be available immediately sufficient equipment. Movable housing units and materials now at Fontana will be adequate to meet the requirements at Watauga.

If TVA is directed to resume work on both dams in 1947, however, there will be insufficient equipment and housing for both. TVA will, therefore, be compelled to provide housing (costing at least \$500,000), thus creating conflict with the veterans' housing program. Likewise TVA will be compelled to compete for more equipment (costing at least \$1,850,000). If we are successful, the cost of double equipment investment, excess temporary housing, plus the loss of economies permitted by the dovetailed schedules proposed to the Congress by TVA, will be upwards of \$1,500,000 to \$2,000,000. The real danger, however, is that TVA will not be very successful in securing either the additional housing or equipment because of lack of priorities for housing and the known inability of manufacturers to supply equipment promptly at this time.

The most probable result, therefore, if TVA attempts diligently to build both projects at once, is the delay of completion of Watauga without assurance that South Holston will be finished any sooner than the recommended schedule originally contemplated. Delay of Watauga could be serious because of flood danger at Elizabethton. TVA, therefore, urges the staggered schedule as the most efficient and economical, most certainly feasible and the least disruptive to other programs to which Congress has given highest priority in this critical reconversion period.

The South Holston Dam is an important and necessary project in the TVA system. To recommend that its construction be resumed in the fiscal year 1948 rather than the fiscal year 1947 should not be interpreted as lack of enthusiasm for the project. The schedule proposed by TVA is based on engineering and construction realities.

Mr. Speaker, other than protection against some possible flood danger the need for these dams is not acute. Though the TVA may need the power supply by the time they are completed in due course, there is certainly no

urgent need for the power now. Nor is there an urgent need anticipated within the next 3 to 5 years. Therefore, your conferees, though recommending the completion of the dams according to the TVA engineering schedule, are wholly unable, at least I am wholly unable, to discover any good reason or justification for forcing the TVA to waste \$2,000,000.

Such waste and extravagance is wholly incompatible with my conception of public duty to either the Nation or to the people of the Tennessee Valley region. The TVA is a public agency and must meet the approval of Congress for not only future expansion but also for the mere continuation of its program of usefulness to the people.

If TVA is ever forced to abandon principles of efficiency and economy, the people in that region, who must depend upon TVA for service and future development, will be the first to suffer.

Moreover, any wasteful expenditure in either the construction or the operation of the TVA electrical facilities will add to the amount of consumer bills for electricity because under the TVA Act that portion of the funds allocated to electrical utility development must be repaid by the TVA.

Your conferees have recommended an amendment simply appropriating funds in the usual manner for the immediate resumption of work on these two projects according to same engineering plans.

As for me, I prefer to let the TVA engineers build the TVA dams.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BENDER. The gentleman referred to Iowa. Is it not a fact that God Almighty made Iowa, and not fertilizer?

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I am sorry. I have only 3 minutes.

Mr. Speaker, it appears to me that, in the language of Henry David Thoreau, the old philosopher, we have been hacking at the branches instead of the roots of the trouble. A fertilizer shortage is admitted, yet speech after speech has been directed to that matter. That is not the question. The question is, Who is going to produce it, and where, and when? The admitted fact is that this plant will cost \$7,000,000. The admitted fact is that it will be located at Mobile. What has not yet been said is that in the testimony before the Senate committee it was stated that it will take at least 18 months to finish this plant, and it is a better guess that it will take 2 years. There is not going to be any fertilizer rolling out of this plant 2 weeks after next Tuesday. Let us be sure about that.

Who is going to manufacture this fertilizer? Private industry has the capacity. They have the capacity to produce 400,000 tons of triple superphosphate fertilizer if you give them the material, if you give them the construction equipment and other things that are necessary to build. Are you going to

put this Government in the position of accepting priorities to build a plant as against all the private enterprises in the country?

So much has been said about freight rates. It is admitted also that the freight rates are too high. There is a simple answer to that. Under the commerce clause of the Constitution, this Congress has authority to pass a two-paragraph bill providing that after a given date no fertilizer shall be shipped in commerce with more than a given percent of inert material. That would end that controversy once and for all.

I talked with the Farm Bureau over the telephone about this yesterday afternoon. I said, "If you will bring me that bill, I will introduce it, or I will have it drawn." They said that perhaps it should be referred to the Board. That will be the answer to the question of filler and inert ingredients in fertilizer that now costs \$8 a ton to ship from Sheffield, Ala., up to Iowa.

So we get back to the old story, and to the nub of this question, Who is going to produce it? Private industry is in the position where it can produce, if the materials are available, four or five times as much as will roll out of this plant if and when it is completed.

Now, up to this time our activities in the fertilizer field has been on a demonstration basis. Read the Senate hearings. Last year 13,000 tons of TVA fertilizer were distributed to over 13,000 farms in Tennessee. For what purpose? Only for demonstration; not for manufacture. It is proposed now to project the Government into the business of manufacturing fertilizer, and that should not be.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Speaker, much has been said about this fertilizer business and how it affects the public health. That argument is about as silly to me as the fact that down through the Shenandoah Valley of Virginia you will see more goiters on people than you will see any place in the United States. They say it is because of the lack of iodine in the water. Why do not those men from Virginia get busy and get the Federal Government to see that the water has sufficient iodine in it?

There is no question there is great need of fertilizer in various sections of the country. I have walked over thousands of acres of pasture in Virginia and West Virginia.

Many of these pastures were extremely poor, and in many cases the cattle were the same way. I suggested on many an occasion that an application of acid phosphate would make it possible to carry twice as many cattle, and that their cattle would do a great deal better. But they have refused to purchase or use a commercial fertilizer. They were just careless, and it was not a case that the fertilizer was not available, for when this paternalistic Federal Government began buying it in large quantities and giving it to them, then some of them used it with good results. And then they voted the Democratic ticket.

I saw many tons of fertilizer purchased by the Government lying around until the bags were rotten and the fertilizer ruined simply because some of these farmers refused to use it even after they got it for nothing.

Now the motive back of the establishment of this fertilizer plant by the Government is votes and not the public health, food, or soil fertility. Then, too; the strongest proponents of this measure are always trying to get the Government into business in competition with free enterprise.

The men who have spoken in behalf of this bill do not know what potash is or where it is produced, or the part it plays in our agricultural program. They know little about phosphoric acid and less about nitrogen, its origin, or its uses, or they would not contend that the proposed plant promises to put new high-grade fertilizer on the market. Superphosphate has been on the market for a number of years, as well as other brands of highly concentrated fertilizer. The industry has been supplying these superfertilizers. As a farmer I have never gone into the market to buy a ton of high-grade fertilizer that I could not get. It is true, there is a shortage of fertilizer, and farmers know it. It does not take politicians to point that out. And if the politicians will remove the barriers that have been created principally by the bureaucrats the trade will supply all of our needs. It is evident that the proponents do not know that there is a difference between so-called fertilizer and plant food. During all this discussion none of them explained anything about the analysis on the bag or tag. None of them knew what 2-8-6 means on a fertilizer bag when they see it. Neither do they know that either or all of these ingredients can be derived from numerous sources. But if what is in the bag is plant food, then it will be soluble in water and available as plant food.

The charge has been made here that the fertilizer industry is sewed up tight; that farmers are compelled to purchase only certain brands which ofttime contain sand or other filler. This is absolutely untrue. Farmers can purchase on the open market any and all fertilizer ingredients from many sources and make up their own mixtures to suit their own particular whims or needs, as many farmers do in Pennsylvania. This proposition should be defeated.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include some tables on power rates, and their comparison with TVA rates.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, when I was struggling years ago to get the Tennessee Valley to adopt a yardstick rate for electric light and power it seems to me that the same elements that are fighting this amendment were telling us then

that Muscle Shoals was created for the purpose of manufacturing fertilizer.

It certainly amazes me to hear the gentleman from North Carolina [Mr. COOLEY], attack this proposition on the ground that it is Federal patronage, when he is clamoring for a subsidy on tobacco.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Briefly.

Mr. COOLEY. I never asked for any subsidy on tobacco. Tobacco never received a subsidy.

Mr. RANKIN. It has received the benefits that amount to subsidies.

Mr. COOLEY. Tobacco never received special benefits.

Mr. RANKIN. Tobacco has received many special benefits and favored treatment.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. For a question only.

Mr. RICH. They have one fertilizer plant now for experimentation.

Mr. RANKIN. Maybe so.

Mr. RICH. Then why build another one?

Mr. RANKIN. Let me say to the gentleman from Pennsylvania that if it were not for the yardstick established by the Tennessee Valley development for electric light and power the people of America would be paying \$3,000,000,000 a year more for their electricity than they are now paying.

Mr. RICH. You have one now for fertilizer as well.

Mr. RANKIN. Mr. Speaker, I am sorry, but I cannot yield further.

This is INRRRA, not UNRRA. This is something for the benefit of American farmers. Some of you who are opposing this proposition now to do something for our own people, within a day or so are going to vote on lending, or giving, more than a thousand times this amount as a British loan, or British gift.

Mr. RICH. This is a Communist movement.

Mr. RANKIN. I do not think so. If I did, I certainly would not vote for it.

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that the gentleman is not in order.

The SPEAKER pro tempore (Mr. THOMASON). The gentleman will state his point of order.

Mr. HOFFMAN of Michigan. The gentleman refers to Members as "you." Under the rules of the House he has no right to refer to a Member in direct address, using the word "you."

Mr. RANKIN. Now, listen—

Mr. HOFFMAN of Michigan. I ask for a ruling on my point of order that he is violating the rules of the House when he refers to another Member as "you."

The SPEAKER pro tempore. The gentleman from Mississippi will proceed in order.

Mr. RANKIN. Mr. Speaker, this amendment will merely establish a yardstick to protect the farmers of this country from exorbitant prices for phosphate fertilizer.

Now, of all the people on earth who are being ground into the dust, it is the American farmer. He draws the least

pay and does the hardest work. He toils in the hot sun, and takes his chances against all odds.

Yet you are holding him down to an economic level that is almost destructive.

This will give him at least a little hope.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. PLOESER. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. LARCADE].

Mr. LARCADE. Mr. Speaker, I am opposed to this proposal for two reasons: First, because I am opposed to the Government going into competition with private business, and, second, that only 2 weeks ago a chemical plant costing millions of dollars at Sterlington, La., was sold to a chemical company to manufacture fertilizer. On last Tuesday, the 9th of July, bids were received for a lease on a chemical plant costing millions of dollars located in Lake Charles, La., in my district, which will be converted into a fertilizer manufacturing plant.

For these reasons I do not think it is necessary that the Government establish fertilizer plants in competition with private industry. As a matter of fact, if my constituents who negotiated for these plants in my State had known that the Government was going into the fertilizer business, I am sure they would not have made the offers they did for the purchase and lease of these plants in my State.

The SPEAKER pro tempore. The time of the gentleman from Louisiana has expired.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I can agree with everything that has been said here today as to the shortage of fertilizer. There is no controversy on that point. But that is not the question before us now. The question is whether the Government should go into the fertilizer business. The fact is we have more than ample capacity for manufacturing phosphates at the present time and the sole reason we are not getting a sufficient supply is because we are not able to mine a sufficient amount of phosphate rock. The reason we are not able to get the required quantity of rock is because we do not have the machinery and equipment. The fertilizer companies and mining companies cannot get it.

Mr. Speaker, we are not going to solve this bottleneck until we are able to get more phosphatic rock. When we do, there is sufficient capacity in this country to manufacture all the phosphate needed for fertilizer at this time. I would not say that the Government should not get into the fertilizer business under any and all conditions, but I do say that no case has been made up until the present time that the Government should get into the fertilizer business through the building of this commercial plant.

Mr. WINTER. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Kansas.

Mr. WINTER. Is it not a fact that in my district in Kansas the Spencer Chemical Co. has taken over an anhydrous ammonia plant and is now manufacturing fertilizer and that as soon as the phosphatic rock is available they intend to go into the manufacture of fertilizer with a phosphatic base?

Mr. HOPE. Yes, I know of that plant and I know what the gentleman says is correct.

There is just one thing more I want to mention. If this question is to be decided by the Congress as a matter of policy, if the Government is going to go into the fertilizer business, let us decide it after full and complete hearings before the proper legislative committee which has the authority to consider it. There has been before the House Committee on Agriculture for the last 15 months, a bill introduced by the chairman of that committee, the gentleman from Virginia [Mr. FLANNAGAN] which puts the Federal Government into the fertilizer business. If any such emergency exists as is contended here, why have not those who are sponsoring that legislation brought that bill before the Agricultural Committee and given us a chance to find out the facts? The motion of the gentleman from Mississippi should be voted down.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. PLOESER. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Speaker, being honored with having the center of the fertilizer industry of the Southeast located within my own district, I am consequently familiar with its background and distinguished record of service which it has rendered to the farmers of my section of the Nation.

The fertilizer industry of South Carolina is in full progress, serving the people of the Nation when many of the screwballs of the CPA were kicking the slats out of their cradles and otherwise destroying small property before they embarked on the program of destroying the economy of this Nation.

For the last few years the fertilizer people have been hanging on the ropes, bludgeoned by Government red tape and indecision, and saddled with restraints which have caused many businesses to give up the ghost in discouragement and despair. Consequently, our farmers have suffered because of their inability to purchase needed plant food and our people, generally, have been forced to pay high prices because of planned scarcity in a land of plenty.

At last we have reached the portals of peace, and just as we are hopeful of breaking the Government bonds which constrain and impede our progress, there comes a proposal for the construction of a fertilizer plant to compete with private producers in the open market, with the taxpayers' money.

All that private industry wants is an opportunity to go forward; all that private industry needs is the green light of freedom. If this is given, the people of this Nation will enter upon an era of

prosperity, the like of which no nation on earth has experienced.

This amendment, of course, will not pass. This Congress is not going to be hoodwinked into a program of this nature. I have an abiding faith in my colleagues—that you and I together will join our hands and put an end to the government dipping into things about which they know little or nothing.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Indiana [Mr. GILLIE].

(Mr. GILLIE asked and was given permission to revise and extend his remarks.)

IMPORTANCE OF MOBILE PHOSPHATE PLANT TO THE MIDDLE WEST

Mr. GILLIE. Mr. Speaker, phosphate is the key mineral fertilizer most generally needed for American soils. It is estimated that 1,669,064 tons of P_2O_5 were removed from our soils by harvested crops in a single year of 1943. Sixty-one percent of this amount came out of the soils of the Midwestern States. Only 20 percent of the phosphate removed from the soils of these States by crops was returned in the form of commercial fertilizer.

Great quantities of phosphate were drained from our soils by the heavy crops farmers produced to meet the Nation's needs during the war. Adequate supplies of fertilizers are the necessity if we are to maintain production. Farmers are more aware of the value of fertilizer than ever before, and the demand is many times the available supply.

Middlewestern farmers prefer to buy their phosphate in the form of triple superphosphate instead of the simple superphosphate which commercial companies have been producing. This is a matter of simple economics. Since our large deposits of phosphate rock are located in other areas, transportation costs are of considerable importance to the Midwest. Triple superphosphate is a concentrated product. One ton of this concentrate is equal to about $2\frac{1}{4}$ tons of simple superphosphate. Current supplies of phosphate fertilizers are woefully inadequate, and the commercial companies are turning out ordinary superphosphate instead of the concentrated triple superphosphate we need in the Midwest. For example, in 1945 only 250,960 tons of triple superphosphate—45-percent basis—were produced, compared to 7,999,504 tons of 18-percent superphosphate. This means that the midwestern farmer, if he can get phosphate at all, must buy a dilute product and pay transportation costs on filler which he does not need.

The Mobile plant will increase the supply of concentrated phosphates 50,000 to 75,000 tons per year. This will not be enough to meet the tremendous demand that now exists and will continue to exist for concentrated phosphates, but it will help. It should not prevent the building of any private plants as we can use many times the output of present fertilizer production facilities. The record shows that TVA's past operations in the fertilizer field, most of which have been demonstrative in nature, have not reduced the

market for commercial fertilizer. In fact the demand is greater now than ever before.

Testimony presented to the Senate Appropriations Committee indicates that a large part of the product of the Mobile plant will be channeled into the Midwest because that is the area which uses triple superphosphate. Many farmers in Indiana want to see this plant built to open up a source of supply of triple superphosphate, a commodity they have not been able to get from commercial companies, except in very negligible quantities.

Putting the Government into the fertilizer business does not disturb me very much. Competition will take care of this problem when the time comes.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may desire to the gentleman from West Virginia [Mr. RANDOLPH].

(Mr. RANDOLPH asked and was given permission to revise and extend his remarks.)

Mr. RANDOLPH. Mr. Speaker, I will vote against the construction, by the Federal Government, of a fertilizer manufacturing plant in Alabama. When we voted on Roll Call 197, on July 2, I joined with the majority when our position was sustained by a margin of 13 votes. It is my hope and belief that the House today will register itself even more emphatically against this unnecessary proposal.

GOVERNMENT AGAINST PRIVATE BUSINESS

I am fundamentally against the Federal Government entering into competition with private enterprise. It is not enough, in this instance, to attempt to justify appropriations for the Alabama plant by saying that there is a shortage of fertilizer. This is always the excuse for entering wedges where the Government is urged to enter the fields of proper private industry and business.

Mr. Speaker, within recent days the War Department has announced that 15 Army ordnance plants are being converted to the manufacture of nitrogen fertilizers for shipment to starving countries to increase the growth of food. One of these plants is at Morgantown, W. Va., where the Hayden Chemical Corp. has entered into a contract to produce ammonium nitrate. This is a needed undertaking and it is gratifying that a private company is to carry forward the operation.

It is my feeling, after a study of the matter, that private industry has done a good job in the manufacturing of essential fertilizers. I further believe that private companies should be given every proper preference in obtaining necessary equipment so that the farmers of America will receive a greater supply of necessary fertilizers.

Mr. Speaker, before we vote for \$3,000,000 to establish the Government in business in Alabama, with a fertilizer plant operated against private industry, we should thoroughly investigate the problem through a legislative committee and not attempt to hurriedly do so on an appropriation bill. It is my understanding that there is a measure—H. R. 2922—

pending before the House Agriculture Committee which has as its purpose the formation of a fertilizer policy on a national scale. I further believe that the proposed plant, which we are now discussing, is contained in that legislation.

FARMERS NEED FERTILIZERS

I cannot justify my vote for a project of this type. I know that farmers need an increased supply of fertilizers and I also believe that we should supply, if possible, a contribution to the world needs. In this latter connection I am advised by the Department of Agriculture that the 15 ordnance plants, to be operated by private companies, will produce fertilizers each month sufficient to give the addition of at least 10,000,000 bushels to world wheat production, and thereby meet the monthly grain requirements of more than 20,000,000 persons. Our American output can be continued, and increased, by private companies rather than Government operations.

Mr. Speaker, the debate this afternoon causes me to embrace the opportunity to state to my colleagues again that farmers, as well as businessmen, are generally against competition from the Federal Government with private industry. This not only applies to the proposed construction and operation of Government fertilizer plants but it is basically sound when we consider the broad field of business and commerce.

FULL PRODUCTION IS THE ANSWER

Within the past few days I have talked with many citizens in the congressional district I represent. I believe they approve the viewpoint which I have expressed as contained in the following news dispatch:

FRANKLIN, W. VA., July 4 (UP).—Asserting that "essential goods are anxiously awaited by an eager consuming public," Representative JENNINGS RANDOLPH, Democrat, West Virginia, told a Fourth of July outing here last night that "competitive rather than artificial controls will go further toward creating a real and sustained prosperity."

RANDOLPH arrived in West Virginia yesterday by plane and addressed air shows at Petersburg and Moorefield before journeying here for the celebration sponsored by the Lions Club.

"Full production is the major answer to America's unrest during the reconversion period," the Second District Congressman continued. "We need more than anything else to stay on the job, in the field, factory, mine, or office."

PRIVATE INDUSTRY IN JEOPARDY

I have received many protests from farmers and business men, in reference to the present tax structure of cooperatives. It is not particularly applicable to the point at issue in this debate, but I include the following portion of a letter which I have sent to a constituent:

I am in agreement with you that cooperatives should not have an unfair competitive position in business and industry.

It has been my purpose to continue a close study of the situation and I certainly feel that American business cannot maintain itself legitimately, if a part of that enterprise is tax-exempt, and the other part heavily taxed. Henry H. Heimann, executive manager of the National Association of Credit Men, recently made the following statement:

"If we are to have equal rights for all and no special privileges for a few, then the Fed-

eral Government should either tax the business transaction of all cooperatives or eliminate all taxes from private business and rely solely upon individual taxes for its revenue."

It has been charged that many cooperatives are practically exempt from taxation. If this be true, then there is a definite advantage to that group which should not continue to exist. Private enterprise must not be placed in jeopardy by any commercial undertakings which are tax-exempt.

[Mr. GORE addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. PLOESER. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, there is absolutely no ground whatever in fact to justify the establishment of this plant on the theory that it is an experimental plant. Every fact that needs to be known is already known by private industry with respect to the manufacture of concentrated fertilizers. TVA has already made superphosphate fertilizer at a plant owned by the Government and now in existence. It has been distributed in my part of the country. If I were actuated by sectional feeling, I would be for this thing. But, it is not right. This proposition puts the Government in business tax free, in competition with tax-paying private enterprise. A talented woman in Alabama wrote a book a few years ago entitled "Stars Fell On Alabama." Another lovely lady in Georgia wrote a book entitled "Gone With the Wind." Those who propose this huge appropriation are just fixing for \$7,000,000, and maybe \$13,000,000, to fall on Alabama, and when they fall they will be gone with the wind.

Mr. WHITTEN. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I would like to say to the gentleman from Tennessee and to these other gentlemen, with reference to the stars falling on Alabama, that this plant is not nearly so vital to that area, nor in Tennessee or in my section, as it is elsewhere; though as a demonstration plant it will be of tremendous assistance to farmers throughout the nation. We can more nearly afford to pay the freight on this 100 pounds of fertilizer that has 16 pounds of food value in it in the regions close by the present source of supply. If this plant is put at Mobile it will be because the phosphate rock, which has no connection with the chemical plants which are going to be set up in Kansas, is mined close by and can be transported by water. It is going to be put at Mobile because coke can be brought from around Birmingham down the Warrior River by water, coke constituting close to 50 percent of the total raw materials required. The output of this plant can be shipped by water up the Mississippi River to the great mid-west where it is needed primarily.

The American Farm Bureau Federation strongly urges the approval of this plant. They have submitted in the hearings results of their survey showing the great need for this plant and the great benefits that will flow to the farmers of the Nation from its construction.

I would like to call to your attention that the plans for this plant provide that

the cost will be amortized, and that it will be paid for, and that its cost will come back to the Treasury of the United States. As has been proved by the TVA yardstick, the electric power rates in this country have been reduced approximately 35 to 45 percent. Since the Muscle Shoals plant was opened by the TVA for the manufacture of nitrate of ammonia, the farmers have had a better fertilizer at a much cheaper rate. By 1944 the cost of a ton of nitrate fertilizer had fallen to approximately 55 percent of the 1925 cost. With TVA leading the way, the commercial companies have made tremendous strides in the method of producing and the quality of nitrate fertilizer made available to the farmer.

The phosphate processes have not had the same advancements. We need a yardstick in the phosphate field, a yardstick big enough to prove the value of this product. You have proven by the TVA yardstick that you can bring wonderful savings to the American people in electric rates and at the same time increase the business of commercial companies. You have proven that you can have a far better fertilizer in the nitrate field at a much cheaper rate. You have proven that you can save millions of dollars to the American farmers by your Muscle Shoals plant. I say that is all this is, it is a yardstick to show the manufacturers of fertilizer that a higher concentrate fertilizer is in demand, will be needed, and can save millions of dollars to the American farmers.

We can look to the nitrate fertilizer field to see just what this yardstick in phosphate fertilizers will mean.

In the current fiscal year ending June 30, 1947, the TVA is scheduled to manufacture 150,000 tons of ammonium nitrate fertilizer, containing about 50,000 tons of nitrogen, approximately equal to its production for the fiscal year 1946.

TVA fertilizers were shipped to 36 different States in the fiscal year 1946. Phosphate fertilizers were distributed domestically in three different ways. First, small shipments were made to the experiment stations of 21 States for controlled tests. Second, limited quantities were distributed to cooperatives in 17 States under experimental sales contracts designed to secure reliable data on the relative costs to farmers of various types of fertilizer materials. The largest portion was distributed for use in practical farm test demonstrations, which were conducted in 26 States.

Most of the ammonium nitrate fertilizer produced for domestic distribution in the fiscal year 1946 was distributed through cooperatives to aid in alleviating the shortages of agricultural products. It was sold in 21 States in that year. Limited quantities were distributed for test demonstrations in 22 States.

American farmers have realized substantial savings because TVA and ordnance-plant ammonium-nitrate fertilizer, which added 20 percent to the nitrogen supply in fiscal year 1946, was cheaper than either of the traditional forms of nitrate fertilizer, nitrate of soda, and ammonium sulfate. At its point of production it was \$55.20 per ton of nitrogen cheaper than nitrate of soda at ports of entry and \$5.30 per ton

cheaper than ammonium sulfate at producing ovens.

The principal nitrogen fertilizers available prior to the production of ammonium-nitrate fertilizer at the Muscle Shoals plant were nitrate of soda, imported from Chile, and ammonium sulfate. The prices of these products remained constant from the time the TVA plant started fertilizer production until recently. The wholesale price of Chilean nitrate of soda was, during most of the period, \$187.50 per ton of nitrogen, f. o. b. ports in bulk, but it is reported that it has recently been raised to \$221.90. Furthermore, during the war a subsidy of about \$42 per ton of nitrogen was paid on this material to help meet the war-time costs of transport. The wholesale price of sulfate of ammonia was, during most of that period, \$137.60 per ton of nitrogen f. o. b. producing ovens in bulk. It is reported it has recently been raised to \$146.30, and certain basing points on which f. o. b. prices were quoted have been eliminated, further increasing delivered prices in areas near those points.

When the TVA plant went into the production of ammonium-nitrate fertilizer in 1943, the wholesale price of its products was established at \$141.50 per ton of nitrogen, f. o. b. Sheffield, Ala., in bulk. It has since been reduced to \$132.30 and shipped f. o. b. Sheffield or ordnance plants producing nitrate fertilizers. The ordnance plants have established the same price. Canadian ammonium nitrate imported into this country has been sold at prices pegged arbitrarily to the price of sulphate of ammonia at the various producing ovens.

The farmers need more fertilizer. They need better fertilizer, a more highly concentrated fertilizer, 1 ton of which can be shipped to do the work of 2½ quarter tons of the superphosphate and therefore save thousands of dollars in freight costs.

The total capacity of commercial manufacturers will not come close to supplying the need. The amount of triple superphosphate to be manufactured by the TVA, under this amendment, will take away none of the market of commercial suppliers, because the commercial suppliers cannot begin to supply the demand remaining if the TVA were to manufacture 50,000 tons of triple superphosphate. After all, it is estimated that 1,669,064 tons of phosphoric acid is removed from the soil. Only 20 percent is replaced by fertilizers. There is a real need for 3,400,000 tons of phosphates annually. The total capacity today produces only 1,380,000 tons and the total capacity to produce is only 1,595,000 tons, of which only 215,000 tons is double superphosphate. The supply of triple superphosphate is so negligible that no records are available.

Certainly, we should, with the examples before us in regard to electrical rates, with the examples of what has been done in the nitrate field, establish this plant, not to replace private business but to lead the way for a better fertilizer at less cost and thereby save millions of dollars to the farmers of the Nation, and increase the demand for

good fertilizer and thus the demand and market for commercial companies.

Nitrate of ammonia from the TVA plant at Muscle Shoals has tremendously increased sales by commercial companies.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, it has been said that this thing has been in the appropriation bills before. It was gotten in there on the representation that it was needed for national defense, but it was so little needed that the Bureau of the Budget and the WPB would not let them build it. What is the picture? There is a shortage of fertilizer, and I want to see it corrected. This bill does not hit the bullseye. The bullseye in this case is a shortage of phosphate rock. The reason why there is a shortage is that they are unable to get the labor and the machinery to mine it. That is the proposition that ought to be speeded up. But instead of doing that, they have brought us here a proposal to spend probably a total of \$15,000,000 to build a fertilizer plant at Mobile, and that is not needed because Department of Agriculture surveys show that there is a 50 percent excess capacity above what they are presently using and producing with in the fertilizer industry. At Muscle Shoals alone they have a capacity of 270,000 tons a year. At the present time they are producing only 11,000 tons a month, or 130,000 tons a year, just about half of what their capacity is. If they have more phosphate rock to operate with, why do they not step up that Muscle Shoals operation instead of coming here and asking for a new plant?

The whole picture does not make sense. They are not aiming at the heart of the trouble, they are wandering all over the lot and trying to get the Government into business. Let us use a little sense, let us look after the farmer, let us concentrate on getting that phosphate rock out where it will do some good and give the farmers more fertilizer, instead of running around behind the bush and trying to get the Government into business on a very large and wasteful scale.

Mr. Speaker, I hope this motion is defeated.

Mr. PLOESER. Mr. Speaker, the House has already acted on this question and instructed the conferees to insist upon the original position of the House which did not make any authorization for appropriation of funds for this contemplated fertilizer plant in Mobile. The conferees have not insisted that the Senate pass on this matter before it was brought back to the House. For what reason I cannot explain save to say that obviously by my position today I am not in harmony with the position that the conferees have taken. Let us take a look at the various issues involved here. One is the age-old issue of free, competitive enterprise. Shall the Government go in the business of producing—not experimenting—producing fertilizer in competition with the private producers throughout the Nation? If you decide that the Government should, and I certainly disagree with that position,

then where in the world are they going to get the raw material which will add anything to the actual volume of available fertilizer for the farms of the Nation? As it is the present privately owned plants are able to produce this fertilizer. They could increase their production 50 percent if the raw material was available today. We have a pilot plant, and the argument that this is to be built for a pilot or experimental plant is not accurate. It is to be built to produce, as the argument originally goes, additional fertilizer in competition with private enterprise—yet it is a fact that the raw material is not available. Now they talk a lot about these yardsticks set up by the Government. Let us take a look at the prices of fertilizer. The latest free sale price I could get on triple-superphosphate as produced by the TVA was for the year 1940. It was 66 cents per unit f. o. b. Tennessee. Private industry produced the same product in the same year and their prices varied from 60.7 cents per unit to 73 cents per unit on the west coast. I have not added the freight rates to the TVA f. o. b. Tennessee price or I daresay it would have been well over the 73 cents on the west coast. Now, what is the cost of production? In 1945 the cost of the TVA to produce triple-superphosphate, on the basis of per-ton costs, was \$92.07, while the selling price by private industry—and private industry sold all it could possibly produce—was \$75 per ton. The TVA, of course, had to sell at the ceiling price set by the Government. But, obviously, private industry was able to make a profit selling at \$75 a ton, while it cost the TVA \$92.07 to produce. It has also been pointed out that we do not now have the materials available to build the plant capacity for the production of the raw materials needed in the production of triple-superphosphate, let alone building additional production plants such as this by the Government. This is definitely a move toward the federalization of an industry. I wonder what the farmers of America would say if the Congress voted to federalize the farms of America.

I ask the House to stand by its original instructions to the conferees by voting against this motion. When this motion has been defeated I will move that the House insist on its position.

The SPEAKER. The time of the gentleman has expired.

Mr. WHITTEN. Mr. Speaker, I yield to the gentleman from Pennsylvania to make a unanimous-consent request.

Mr. RICH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include some insertions at this point in the Record.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RICH. Mr. Speaker, we are bringing back the second time for our consideration the amendment to agree to the building of a fertilizer plant in Mobile, Ala., thus setting the Government up in the fertilizer business in competition with private enterprise. Several days ago the conferees were instructed to insist that this item be stricken from the bill. Every due pressure should have

been applied by the House conferees in joint session with the Senate conferees. If the conferees were themselves desirous of having that plant built, which seems to be the case, that is no reason why they should not carry out the instructions of the House. I am hopeful that the House today will refuse to concur in the Senate amendment, and I believe they will.

I hear the Members talk about un-American activities on the floor and how interested they are in this country of ours. Now, I cannot for the life of me see why they want to have a form of government like Russia, where everything is owned by the Government and the people are only subservient to the wishes of their Government. That is contrary to the principles of America. In 160 years private enterprise built America into one of the greatest countries on the face of the earth, and yet there is not a month goes by but someone proposes in the House to establish the Government in some kind of business or other. Now it is the fertilizer business again. We have in the TVA a fertilizer experimental station, and by no stretch of the imagination do we need two in the same locality. It is only befogging the issue to say we need the Government in the fertilizer business, for the fertilizer industry, if given the opportunity to increase their own production, will make more plants available under the private-enterprise system than are necessary to furnish all the fertilizer this country needs, and at the cheapest possible price. Understand also that I am interested in having the farmers receive all the fertilizer they need in any section of the country.

There is no Budget approval for this expenditure. No hearings were held by the Senate or House before this item was put into the appropriation bill, and Congress should await some decision on the broad question of a national policy of establishing the Government in business before assuming that responsibility which belongs to the general public. Private industry is selling triple superphosphate cheaper than it costs TVA to produce it. The annual report of TVA for 1945, filed with the President and the Congress, showed that the total cost per ton of phosphoric acid in triple superphosphate disposed of by them amounted to \$92.07. Private industry was selling this product under ceiling prices at \$75 per ton. It is safe to assume that private industry had some profit and that TVA's cost-accounting procedures may have not included all of the costs that must be met by private industry. The present phosphate production capacity of TVA is adequate for all research tests and demonstration needs, and certainly there is no reason why we should go to the expense of spending three to seven million dollars for a fertilizer plant to set our Government up in business.

The Government is now in the rum-manufacturing business, in the ice-cream-manufacturing business, in the hotel business, and we have many people here in this country who have communistic and socialistic ideas, and who want the Government to take over all

kinds of business. Do you not think it is time to get away from some of these communistic-socialistic ideas and permit the private-enterprise system to function until we know there is some better system in store for the American people—and it has never been shown that there is?

Let us vote down this amendment and keep America free and as our forefathers established it and as has been proven it can be operated under the private-enterprise system.

Let the people rule the Government and the bureaucrats. Let the people run the business in America, not the Government.

Mr. WHITTEN. Mr. Speaker, I yield the remainder of the time to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Speaker, the issue here is between the fertilizer trust and the consumer. Between the fertilizer trust and the farmer. Between the fertilizer trust and the housewife who supplies the family table.

Next to land and labor, the greatest single cost in food production is fertilizer. When you increase the cost of fertilizer you increase the cost of food—all food. And when you decrease the cost of fertilizer you decrease the cost of food—every item of food on your table.

When you increase the supply of fertilizer, there is more food. When you decrease the supply of fertilizer or decrease the percentage of plant food per ton, there is less food. Are you for plenty of scarcity?

The fertilizer trust is the most compactly organized trust in America. It exercises an absolute monopoly in the production of fertilizer. It fixes the price of fertilizer on every farm in the Nation. And it controls the distribution of fertilizer both at home and abroad. For the last several years the trust has systematically restricted the quota to the Mississippi Valley and the central west.

Even when it delivers fertilizer to the Central States it refuses to deliver concentrates and supplies—only diluted formulas—compelling the farmers to pay for inert fillers and also compelling them to pay transportation charges on 500 pounds of material to get 100 pounds of plant food.

This is the situation the bill seeks to remedy. Without taking a dollar's worth of business away from the trust and its subsidiaries, it proposes to make available to the farmer supplies and superphosphates which the trust cannot supply. It proposes to deliver concentrated plant food. It proposes to save the farmer and the consumer the unnecessary transportation charges. And—what the trust particularly objects to—it proposes to establish a reasonable yardstick.

That is what the gentlemen are talking about when they shout about free enterprise and government in business. This plant will not take business away from the trust. But it will create a yardstick of fair measurement. We established TVA. It did not take business away from private enterprise but it established a fair rate—a rate which the gentleman from Mississippi [Mr. RANKIN] testifies saves the consumers of

electricity in the United States \$1,600,000,000 every year. We established the Inland Waterways Commission. It did not take business away from the railroads but established a fair competitive rate which has saved the farmers of America millions of dollars a year on the transportation of their wheat alone. During the war President Roosevelt authorized a Government navy yard at Philadelphia which established a yardstick for the manufacture of airplanes and reduced by vast sums the cost of the air power which won the war. Following the farm panic we created the Federal farm-loan banks which established a yardstick of interest on farm loans. Farms had been paying 6 and 8 percent. But under this yardstick farmers have borrowed millions of dollars for less than 4 percent.

Every time we established one of these yardsticks the cry of Government in business and free enterprise went up to high heaven. The trust and monopolies and profiteers fought cheap electricity and reasonable freight rates and low interest just as they are fighting a yardstick on fertilizer and cheap food here this afternoon.

Oh they have tried to make us believe that the trust has reduced the cost of fertilizer. There is not one word of truth in any such statement. In 1920 I paid \$20 a ton for 18 percent acid phosphate for my Missouri farm. And I sold the wheat grown from that fertilizer for \$2.40 a bushel. In 1922 I paid \$22.50 a ton for the same fertilizer and got 86 cents for my wheat. Today I pay \$25.75 per ton for the same fertilizer and take whatever OPA will allow me for the wheat. There is a saying that figures will not lie but liars will figure and that is what the fertilizer lobbyists are doing when they try to juggle the figures to make us think fertilizer is cheaper. By my own accounts, the price of fertilizer has increased more than 20 percent since I began to grow wheat—when under modern methods of manufacture it should have declined as electricity and interest have declined.

Mr. Speaker, these high-powered, high-paid lobbyists who have been patrolling the corridors of the Capitol and hammering on the doors of the committee and calling up over the telephone and buttonholing Members of the House and filling congressional wastebaskets with mimeographed propaganda and who are sitting up there in the gallery right now—are not working in the interest of the consumer. They are not looking after the welfare of the farmer. They are not contributing to the reduction of the cost of living. They are working for two things—and two things only—for monopoly and profits.

The question now before the House is whether you will vote for these lobbyists who have been importuning you, who have been parked at your elbow for weeks, or whether you will vote for the folks back home who cannot be here to plead with you for an adequate supply of one of the most important essentials to successful farming. Will you vote for the fertilizer trust or a hungry world? Will you vote for the farmer to pay

freight on 500 pounds or 100 pounds to get the same amount of plant food? Will you vote for high dividends for the fertilizer trust or cheap food on the American table? Will you vote for the American Plant Food Council or the American Farm Bureau? Will you vote for the special interests or for the people?

The SPEAKER. The time of the gentleman from Missouri has expired.

All time has expired.

The question is on the motion of the gentleman from Mississippi [Mr. WHITTEN].

The question was taken; and on a division (demanded by Mr. WHITTEN) there were—ayes 58, noes 166.

Mr. WHITTEN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 126, nays 204, not voting 102, as follows:

[Roll No. 217]

YEAS—126

Abernethy	Hagen	Outland
Allen, Ill.	Havenner	Patman
Andersen,	Hays	Patterson
H. Carl	Healy	Pittenger
Andresen,	Henry	Price, Ill.
August H.	Hobbs	Priest
Bailey	Hoch	Rabaut
Barrett, Pa.	Hoeven	Rabin
Bennett, Mo.	Huber	Rains
Biemiller	Hull	Ramey
Brown, Ga.	Izac	Rankin
Buchanan	Jackson	Rayfield
Buckley	Jarman	Reed, Ill.
Bunker	Jensen	Robertson,
Cannon, Mo.	Johnson,	N. Dak.
Carnahan	Luther A.	Ryter
Celler	Judd	Sabath
Chelf	Kee	Sadowski
Clements	Keefe	Savage
Clippinger	Kirwan	Schwabe, Mo.
Combs	Klein	Sheppard
Courtney	Kopplemann	Spence
Crosser	LaFollette	Starkey
Cunningham	Lane	Stefan
Curtis	Lemke	Stevenson
Davis	Link	Stigler
De Lacy	Lyle	Stockman
Dolliver	McCormack	Sullivan
Douglas, Ill.	McGlinchey	Talle
Doyle	McMillen, Ill.	Thomas, Tex.
Feighan	Manasco	Thomason
Flannagan	Martin, Iowa	Trimble
Flood	Michener	Voorhis, Calif.
Folger	Miller, Nebr.	Vursell
Gallagher	Mills	Weaver
Gardner	Monroney	White
Gathings	Morgan	Whitten
Geelan	Morrison	Whittington
Gillie	Murdock	Wilson
Gore	Murray, Tenn.	Wolcott
Granahan	Neely	Woodhouse
Green	O'Brien, Mich.	Zimmerman
Gregory	O'Konski	
Gwynne, Iowa	O'Toole	

NAYS—204

Angell	Butler	Dirksen
Arends	Byrnes, Wis.	Dondero
Arnold	Campbell	Doughton, N. O.
Auchincloss	Canfield	Drewry
Baldwin, N. Y.	Carlson	Durham
Barden	Case, N. J.	Dworshak
Barrett, Wyo.	Case, S. Dak.	Eaton
Barry	Chenoweth	Elliott
Bates, Mass.	Chiperfield	Ellis
Beall	Church	Ellsworth
Bender	Clark	Elsaesser
Bishop	Clason	Elston
Blackney	Clevenger	Engle, Calif.
Bland	Cole, Kans.	Fallon
Bloom	Cole, Mo.	Fellows
Bolton	Cole, N. Y.	Fenton
Bonner	Cooley	Fernandez
Bradley, Mich.	Corbett	Fisher
Brehm	D'Alesandro	Fogarty
Brooks	Daughton, Va.	Forand
Brown, Ohio	Delaney	Fuller
Brumbaugh	James J.	Fulton
Buck	Delaney,	Gamble
Buffett	John J.	Gary
Bulwinkle	D'Ewart	Gavin

Gearhart	Kelly, Ill.	Resa
Gerlach	Kerr	Rich
Gifford	Kilburn	Richards
Gillette	King	Riley
Goodwin	Kinzer	Rivers
Gordon	Kunkel	Rizley
Gorski	Landis	Robertson, Va.
Graham	Lanham	Robison, Ky.
Grant, Ind.	Larcade	Rockwell
Griffiths	Latham	Rodgers, Pa.
Gross	Lea	Rogers, Fla.
Gwinn, N. Y.	LeFevre	Rogers, Mass.
Hale	Lesinski	Rogers, N. Y.
Hall,	Lewis	Rooney
Leonard W.	Luce	Rowan
Halleck	Lynch	Sasser
Hancock	McConnell	Schwabe, Okla.
Hand	McCowan	Scrivner
Harness, Ind.	McDonough	Shafer
Hart	McGregor	Sharp
Hartley	McKenzie	Sikes
Hedrick	Madden	Slaughter
Heffernan	Maloney	Smith, Maine
Herter	Martin, Mass.	Smith, Ohio
Heseltun	Mathews	Smith, Va.
Hess	May	Smith, Wis.
Hill	Marrow	Springer
Hirshaw	Mundt	Sundstrom
Hoffman, Mich.	Murray, Wis.	Taber
Hoffman, Pa.	Norblad	Talbot
Holmes, Mass.	O'Brien, Ill.	Thom
Holmes, Wash.	O'Hara	Thomas, N. J.
Hook	O'Neal	Tibbott
Hope	Pace	Towe
Horan	Peterson, Fla.	Traynor
Howell	Phillips	Vorys, Ohio
Jenkins	Pickett	Wadsworth
Jennings	Ploeser	Walter
Johnson, Calif.	Poage	Wasielewski
Johnson, Ill.	Pratt	Weichel
Jones	Price, Fla.	Wigglesworth
Jonkman	Randolph	Winter
Kean	Reed, N. Y.	Wolverton, N. J.
Kearney	Rees, Kans.	Woodruff

NOT VOTING—102

Adams	Gibson	Norrell
Allen, La.	Gillespie	Norton
Almond	Gossett	Patrick
Anderson, Calif.	Granger	Peterson, Ga.
Andrews, Ala.	Grant, Ala.	Pfeifer
Andrews, N. Y.	Hall	Philbin
Baldwin, Md.	Edwin Arthur	Plumley
Bates, Ky.	Hare	Powell
Beckworth	Harless, Ariz.	Quinn, N. Y.
Bell	Harris	Reece, Tenn.
Bennet, N. Y.	Hébert	Robinson, Utah
Boren	Hendricks	Roe, Md.
Boykin	Holifield	Roe, N. Y.
Bradley, Pa.	Johnson, Ind.	Russell
Bryson	Johnson,	Sheridan
Byrne, N. Y.	Lyndon B.	Short
Camp	Johnson, Okla.	Simpson, Ill.
Cannon, Fla.	Kefauver	Simpson, Pa.
Chapman	Kelley, Pa.	Somers, N. Y.
Cochran	Keogh	Sparkman
Coffee	Kilday	Stewart
Colmer	Knutson	Sumner, Ill.
Cooper	LeCompte	Summers, Tex.
Cox	Ludlow	Tarver
Cravens	McGehee	Taylor
Crawford	McMillan, S. C.	Tolan
Curley	Mahon	Torrens
Dawson	Mankin	Vinson
Dingell	Mansfield,	Welch
Domengeaux	Mont.	West
Douglas, Calif.	Mansfield, Tex.	Wickersham
Earthman	Marcantonio	Winstead
Eberhart	Mason	Wolfenden, Pa.
Engel, Mich.	Miller, Calif.	Wood
Ervin	Murphy	Worley

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Boykin for, with Mr. Taylor against.

Mr. Earthman for, with Mr. McGehee against.

Mrs. Douglas of California for, with Mr. Adams against.

General pairs until further notice:

Mr. Colmer with Mr. Knutson.

Mr. Keogh with Mr. Mason.

Mr. Dingell with Mr. Plumley.

Mr. Pfeifer with Mr. Short.

Mr. Bradley of Pennsylvania with Mr. Simpson of Pennsylvania.

Mr. Sparkman with Mr. Johnson of Indiana.

Mr. Byrne of New York with Mr. Simpson of Illinois.

Mr. Quinn of New York with Mr. Edwin Arthur Hall.

Mr. Coffee with Mr. Gillespie.

Mr. Sheridan with Mr. Crawford.

Mr. Eberhart with Mr. Anderson of California.

Mr. Somers of New York with Mr. Bennet of New York.

Mr. Holifield with Mr. Andrews of New York.

Mr. Vinson with Mr. Engel of Michigan.

Mr. Kefauver with Mr. Reece of Tennessee.

Mr. Wood with Mr. LeCompte.

Mr. Kelley of Pennsylvania with Miss Sumner of Illinois.

Mr. Camp with Mr. Welch.

Mr. Peterson of Georgia with Mr. Wolfenden of Pennsylvania.

Mr. LANE changed his vote from "nay" to "yea."

Mr. MILLER of Nebraska changed his vote from "nay" to "yea."

Mr. MICHENER changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

Mr. PLOESER. Mr. Speaker, I move that the House insist on its disagreement to Senate amendment No. 1.

The Clerk read as follows:

Mr. PLOESER moves that the House insist on its disagreement to the amendment of the Senate No. 1.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that amendment No. 3 be considered in place of amendment No. 2 as it is controlling on amendment No. 2.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The Clerk will report amendment No. 3.

The Clerk read as follows:

Amendment No. 3: Page 2, line 17, insert the following: "Provided, That of the \$46,572,000 appropriated herein, \$17,666,000 shall be available for the immediate resumption of construction and continued prosecution of the work on the Watauga and South Holston Dams with a view to the completion of the work on both dams at the earliest possible date and \$3,000,000 toward the construction of a fertilizer manufacturing plant at or near Mobile, Ala."

Mr. WHITTEN. Mr. Speaker, I have a motion, which is at the Clerk's desk.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur in the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: "Provided, That of the \$39,906,000 appropriated herein, \$14,000,000 shall be available for the immediate resumption of the work on the Watauga and South Holston Dams."

Mr. WHITTEN. On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion offered by the gentleman from Mississippi.

The motion was agreed to.

The SPEAKER. The Clerk will report amendment No. 2.

The Clerk read as follows:

Amendment No. 2: One page 2, line 13, strike out "\$25,906,000" and insert "\$46,572,000."

Mr. WHITTEN. Mr. Speaker, I offer a motion, which is at the desk.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment as follows: In lieu of the sum proposed, insert "\$39,906,000."

Mr. WHITTEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Mississippi.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 3, line 21, strike out "Provided further, That none of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 4 and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert the following: "Provided further, That not to exceed \$500,000 of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress: Provided further, That no part of the funds herein shall be used to pay rent subsidy accruing after the date of this act with respect to any family whose gross annual family income exceeds the maximum family income falling within the lowest 25 percent by number of all gross annual family incomes in the municipality where the public housing project in which such family resides is located."

Mr. WHITTEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

Mr. GARY. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. GARY moves that the House recede from its disagreement to the amendment of the Senate No. 4 and concur in the same.

The SPEAKER. The question is on the motion to recede and concur.

The motion was rejected.

The SPEAKER. The question recurs on the motion to concur with an amendment.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the various motions was laid upon the table.

GENERAL LEAVE TO EXTEND

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, with reference to amendment No. 4, I would like to call attention to the fact that our committee is faced with the necessity of providing funds under the law providing for low-cost housing. In my service on this committee I was amazed to find that under the law providing for such housing projects, passed some years ago before I became a Member of this body, the National Housing Authority is authorized to set up local housing authorities and to enter into contracts with such local housing authorities binding the Federal Government to pay each year a part of the rent of the tenants of such projects up to the amount of \$28,000,000 annually for 60 years. In talking to various Members of Congress I find that in many cases they have not realized that the National Housing Authority can make a contract binding the Appropriations Committee and the Congress to appropriate annually for the next 60 years up to \$28,000,000 to pay a share of the rent for tenants of these projects. The average rental is \$33 for from one- to four-bedroom apartments with all utilities furnished. Adequate appropriation was made for those housing projects under the FPHA that have already been in operation. During the war projects included under Public Law 671 of the Seventy-sixth Congress, certain of which were not completed and had not become low-rent housing projects, were converted to war housing projects. During the war they have been filled with war workers and others and have been operated on a self-sustaining basis. Under that law these projects were to be converted to low-rent housing projects upon a determination by the President that the emergency no longer required that they be retained for war workers. A short time ago the President made such finding.

The Federal Public Housing Agency then came before our committee and requested the sum of \$4,300,000 to be paid to the local housing authorities where these units were situated. This sum is the total of the absolute maximum that the Federal Government could pay under any circumstances, that is if each apartment were filled with families of the lowest income recognized by the authority. Yet it was admitted by the Federal Public Housing Agency that these apartments were all filled now, that they could not enter into a wholesale eviction because the people now in these projects could find no other place to live, and that practically all the tenants were not in the low income groups, but substantially higher, and able to pay their rent and actually the projects were operating on a self-sustaining basis without necessity for subsidy. It was urged that in the course of the next fiscal year some few new tenants would be taken in from the low-income group and that there would be some necessity for some appropriation to meet this demand.

After some days it being apparent that the committee was hesitant to make the appropriation of \$4,300,000 which would be delivered by the FPHA to these local authorities, representing the full amount that the National Government could be liable for and being perhaps 85 percent more than the Federal Public Housing Authority said itself would be needed to meet any subsidy liability, the FPHA then came back and stated to the committee that on reconsideration they could get by on \$500,000.

It was the opinion of the committee that these projects having been operated on a self-sustaining basis up to the present and it being apparent further that the Federal Public Housing Authority could not evict the present tenants because of no place for them to go that such few vacancies as might arise could be filled with low-income families but the committee felt that low-income families could during this period certainly pay an average rental of \$33 per month for a nice apartment with lights, water, and heat furnished, so that there would be no deficit and no occasion for a subsidy with regard to Public Law 671 projects. There are many facts to sustain this attitude on the part of the committee and therefore the committee wrote into the bill as it passed the House a provision requiring that these projects covered by Public Law 671 should be operated for the next fiscal year without subsidy from the Government as they have been during the war. The Senate, however, struck out this provision. Mr. Wilson Wyatt, Administrator, National Housing Agency, then wrote to the committee the following letter and statement of reasons why the House restrictions should be stricken from the bill:

NATIONAL HOUSING AGENCY,

Washington, D. C. July 8, 1946.

HON. JAMIE L. WHITTEN,

House of Representatives,

Washington, D. C.

DEAR CONGRESSMAN WHITTEN: The Government corporation appropriation bill (H. R. 6777) as it passed the House included a proviso which would involve the repudiation of Government contract obligations. The enactment of this provision would undermine public confidence that the Federal Government always meets its contract obligations.

The Federal Public Housing Authority, pursuant to express congressional authorization, has entered into contracts to pay annual contributions to local housing authorities to assist in achieving and maintaining the low-rent character of housing projects for families of low income. Although there is no controversy with respect to low-rent projects built before the war which now require annual contributions, the House proviso in the pending bill would prohibit the payment of such contributions on those projects which were temporarily diverted to serve war workers, but which now are required by law to be converted to serving families of low income as rapidly as feasible. Further particulars with regard to this matter are set forth in the enclosed statement.

The drastic effect and significance of this provision cannot be over-emphasized. Its enactment would represent a breach of the pledge by the United States of its full faith and credit. I believe the adoption of this prohibition on the use of funds, thereby

compelling the repudiation of a solemn obligation of contract, would constitute a serious reflection upon the Federal Government and the Congress.

It is my understanding that the bill is now in conference. I urge that you take all steps necessary to assure that the House recedes from its position and concurs in the Senate action eliminating this provision from H. R. 6777.

Sincerely yours,

WILSON W. WYATT,
Administrator.

WHY HOUSE PROVISIO IN H. R. 6777, WHICH PROHIBITS PAYMENT OF CONTRIBUTIONS CONTRACTED FOR, MUST BE DELETED TO AVOID BREACH OF FAITH BY UNITED STATES

To avoid repudiation of Government contracts which the Congress authorized, it is essential that the conferees on H. R. 6777 delete from that bill, as it passed the House, the following proviso:

"Provided further, That none of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress."

Contracts for financial assistance with respect to such projects were entered into by Federal Public Housing Authority pursuant to express congressional authority contained in the United States Housing Act of 1937, as amended by Public Law 671. Under these contracts local authorities built housing projects in order to make housing available to families of persons engaged in national defense activities during the emergency period as determined by the President. The President having determined that in most localities it is no longer necessary to make dwellings available for persons engaged in national defense activities, the local authorities are now required by their contracts, as well as by Federal and State law, to make these projects available for housing low-income families. Moreover, top preference is being afforded in filling vacancies in these projects to low income families of veterans or servicemen.

In the statute which authorized FPHA to enter into contracts to pay annual contributions the Congress declared:

"The faith of the United States is solemnly pledged for the payment of all contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury, not otherwise appropriated, the amounts necessary to provide for such payments."

Unless the above proviso is deleted from the bill FPHA will be prohibited from meeting its contractual obligations to pay annual contributions to meet such part of the expenses of operating such projects as is necessary to bridge the actual gap between the cost of housing veteran and other families of low income and the rents which the residents can afford to pay.

Unless annual contributions are paid to these local housing authorities pursuant to their contracts with the Federal Government they will be compelled to go into default on obligations already incurred. The obligation of the Federal Government to pay annual contributions on these 671 projects is based on the result of operations as of the end of local housing authority fiscal years. They are paid 4 to 5 months following the end of such fiscal years, when the books are closed and audited. For example, the annual contributions payable in September and December 1946 cover operating deficits incurred by local housing authorities for fiscal years which ended on March 31 and June 30, 1946, respectively. In such cases there are no possible means for the local authorities to avoid the deficits previously incurred. Consequently the obliga-

tion of the Federal Government to pay these contributions has become fixed.

It was necessary for FPHA to pay annual contributions in fiscal 1946 on a few of these 671 projects because of the admission of low income war workers and enlisted military personnel. However, most of these annual contributions which FPHA paid in fiscal 1946 were paid with respect to local housing authority fiscal year operations which ended prior to July 1, 1945, the beginning of the Federal fiscal year 1946.

The inclusion of the above proviso in H. R. 6777 would amount to a repudiation by the Congress of the pledged faith of the United States, which is unthinkable and cannot be within the intention of the Congress.

After H. R. 6777 was passed by the House, FPHA requested an opinion from the Attorney General as to the legal consequences that would ensue in the event the bill as finally enacted contains the proviso prohibiting the use of appropriated funds to pay contributions with respect to Public Law 671 projects. In reply an opinion was received from the Acting Assistant Solicitor General of the United States that the enactment of this proviso, (1) would not operate to void the obligation of contracts to make annual contributions with respect to projects constructed under the authority of Public Law 671; and (2) that failure to make payments otherwise required by any contract would therefore result in a breach of contract by the FPHA and the United States.

The effect of the proviso would therefore be to compel local authorities to sue the United States in the Court of Claims to enforce obligations to which the Congress has pledged the faith of the United States.

The proviso was deleted from the bill by the Senate and sent to conference. It is of the utmost importance that the proviso be deleted from the bill as finally enacted in order to keep the faith of the United States which has been pledged to the payment of such contributions.

FEDERAL PUBLIC HOUSING AUTHORITY.

JULY 5, 1946.

From reading this letter and the attached statement it appears that the Solicitor General's office of the United States has held that to keep such restriction in the bill would not, first, operate to avoid the obligation of contracts to make annual contributions with respect to projects constructed under authority of Public Law 671, and second, that failure to make payments otherwise required by any contract would, therefore, result in a breach of contract by the FPHA and the United States. For these reasons the committee has recommended that the House recede from its position with an amendment.

I feel that the Members of this Congress should give attention to just what this law providing for low-rent housing provides. A national agency is set up with provision for the creation of local public housing authorities, and the national authority can and has them entered into contracts with its local housing authority to pay a share of the rent of each tenant in all projects for 60 years, the annual subsidy so paid by the Federal Government to be up to \$28,000,000 annually. The Solicitor General says then that under the authority of such law where such contracts are entered into as they have been, the Congress is required to appropriate such money, and if it fails so to do, that the Government has violated its contract and is subject to suit.

It may be in order for the Federal Government to aid in the construction of homes and of low-rent projects but certainly it is hard to understand why the Government should in some cases pay a part of the house rent in various cities throughout the country for some individuals and not do so for others similarly situated. Of course, when the original law was passed provision was made for rural homes along the same line but no efforts were ever made to set up any agency for rural homes where the rent would be subsidized and it leads one to the belief that such provision was rather a catch-all to secure votes from members of agricultural areas.

If the Federal Government is to assist in the removal of slums from city areas certainly there should be a requirement that cities enforce health laws and otherwise prevent other sections of such cities from becoming slums. No such requirement exists in the law. If the Federal Government wishes to assist cities in building low rent homes certainly the Government should do it and get through with it and not provide for a 60-year continuing liability of the Federal Government by authorizing the Federal Public Housing Authority to enter into a contract by binding the Congress and the Federal Government to pay up to \$28,000,000 annually toward the rents of a few citizens of a few cities throughout the Nation. I call attention to this because I understand that bills are pending to further expand this program and to grant due authority to the Federal Housing Agency to enter into new contracts binding the Federal Government for 60 years to make annual contributions costing millions of dollars to certain citizens, tenants of such projects, and leaving the Federal Government subject to suit if such payments are not made. This committee finds itself bound to make these appropriations for existing authorities due to the fact that the contracts have been entered into under authority of the existing law. Certainly every Member of Congress should realize what this Federal Public Housing Agency is and what the Federal Government is required to do in considering any expansion of any such program which in my judgment would certainly be foreign to the best interests of the Nation.

The committee amendment provides for the use of \$500,000 for meeting subsidy on the 671 projects since under the contract authorized by the law the Federal Government is committed. We have further provided that no such subsidy shall be paid toward the rent of tenants of these projects unless such family is within the lower 25 percent by number on incomes in such city.

PATENT OFFICE EMPLOYEES

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4080) to amend section 476, Revised Statutes (U. S. C. title 35, sec. 2), providing for officers and employees of the Patent Office, and for other purposes, with Senate amendments, disagree to the Senate amendments and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BOYKIN, LANHAM, and HARTLEY.

CORRECTION OF ROLL CALL

Mr. BENDER. Mr. Speaker, on roll call 215 I am recorded as absent. I was present and answered and voted "yea." I ask unanimous consent that the RECORD and Journal may be corrected accordingly.

The SPEAKER. Without objection, the permanent RECORD and Journal will be corrected accordingly.

There was no objection.

SHORTAGE OF FOOD AND FEED IN MASSACHUSETTS

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 565.

The SPEAKER. The Chair will submit the gentleman's request but advises the gentleman from Virginia that should controversy develop it will have to be withdrawn.

The Clerk read the resolution, as follows.

Resolved, That the Secretary of Agriculture is requested to submit to the House of Representatives such facts as may be in his possession with respect to the shortage of food and feed in the Commonwealth of Massachusetts, particularly with respect to the alleged discriminatory shortage of meat, milk, butter, and bread, and of grain suitable for the feeding of poultry and livestock.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mrs. ROGERS of Massachusetts. The Secretary of Agriculture has given information regarding this resolution. Therefore I shall not discuss it this afternoon, even though I were allowed to. I am not satisfied with what the Department of Agriculture has done in the distribution of food. Does the gentleman from Virginia intend to have the letter from the Secretary of Agriculture published?

Mr. FLANNAGAN. Yes; I may state that I furnished the gentlewoman from Massachusetts with a copy of the letter when I received it yesterday.

Mrs. ROGERS of Massachusetts. Yes; the gentleman was very courteous.

Mr. FLANNAGAN. Mr. Speaker, I move that the resolution be laid on the table.

The motion was agreed to.

CONSENT CALENDAR TO BE CALLED TUESDAY, JULY 16, 1946

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it be in order on Tuesday next instead of Monday for the Consent Calendar to be called.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. OUTLAND asked and was given permission to extend his remarks in the

RECORD and include an editorial on the British loan.

Mr. HOFFMAN of Michigan asked and was given permission to extend his remarks in the RECORD following those of the gentleman from Massachusetts [Mr. McCORMACK].

ANGLO-AMERICAN FINANCIAL AGREEMENT

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of Senate Joint Resolution 138, with Mr. WHITTINGTON in the chair.

The Clerk read the title of the bill.

Mr. SPENCE. Mr. Chairman, I yield 30 minutes to the majority leader, the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, any steps taken toward economic peace is a step toward actual peace. Reasonable assurances of economic peace in the world of today is necessary before the actual peace people everywhere seek and pray for can be accomplished.

The financial agreement entered into between our country and Great Britain, as some have suggested and argued, does not mean we are creating an American-Anglo economic bloc.

Nothing can be farther from the truth than this contention.

The loan has for its basic purpose the prevention of economic blocs, not the creation of a new one.

First of all the agreement is purely a business arrangement in which both the United States and England have made and have received important economic concessions. It is not intended as political in character nor does it provide economic benefits in return for past or future political or military assistance. Very early in the negotiations all considerations of sentiment and political cultural ties were ruled out of the discussions by the American negotiators.

One of the primary objectives of the financial agreement is to break up the tight British sterling area bloc by enabling England to abolish the sterling area dollar pool and permit holders of sterling balances to convert them into dollars or any other currency. Once these provisions go into effect, Britain will no longer control the trade of the countries which make up the sterling area. These countries will once more be free to buy wherever they please.

The United States has not asked for any special treatment under the terms of the financial agreement which would have the effect of discriminating against the trade of other countries. Under the terms of the agreement Britain not only

agrees not to discriminate against United States trade by the use of import restrictions and exchange controls, but she has also agreed not to discriminate against the trade of any other country. What the agreement seeks is the opening up of the trade of England and of the sterling area to all of the countries of the world on a fair and equitable basis. This principle is further developed in our proposals for an international trade organization which the British agreed to in principle at the close of the loan negotiations.

Because we Americans live in a free enterprise system, it is especially important to us that there be no warring economic blocs among nations. Economic warfare and bilateral arrangements mean the channeling of trade and the regimentation of importers and exporters. We believe in a world in which merchants can properly buy and sell wherever they please all over the world.

But trade restrictions and economic blocs also mean a reduced level of world trade. As the world's greatest exporter, this country has much to lose from the universal employment of restrictive trade practices. In fact, large foreign markets are vital to our program for maintaining high levels of employment and production after the war.

There is no intention on the part of the two contracting countries to create an economic bloc. The opposite is sought.

On the other hand, those who advanced the erroneous, far-fetched and unwarranted assertion that this agreement constituted an economic bloc, overlook the fact that if some other country or countries, voluntarily or through fear or uncertainty, form an economic bloc directed toward the United States and Great Britain, that under such conditions and circumstances we would be justified, in fact, the national interest of our country would require and demand it, that we take proper measures to look after our best interests and to protect ourselves.

Is there any Member of this body that will dare challenge that statement?

And, yet, there is marked evidence that such a condition exists today.

Behind the so-called iron curtain, there are a number of countries, under the influence or domination of the Soviet Union, who are prevented from free contacts with the rest of the world, both in trade, and in other human activities.

Those who oppose approval of the agreement on this ground take the position that we should remain quiet—do nothing, and allow the Soviet attempt to dominate or control Europe and Asia, economically, politically, and socially, to go on unheeded by our country, to which practically all of the other nations of the world are looking to with friendly eyes.

In other words, to abdicate our necessary role in world affairs—adopt the attitude of economic and political isolationism—the policy of appeasement, and thereby leave practically all of the other nations of the world, against their will and desires, subject to the influence, gravity, and the orbit of the Soviet Union.

What a crime that would be to Americans of this generation. What a greater

July 17





DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Legislative Reports and Service Section
(For Department staff only)

Issued July 16, 1946
For actions of July 15, 1946
79th-2nd, No. 138

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HIGHLIGHTS: House passed Flannagan-Hope research-marketing bill. House committee reported bill to provide for 2 additional Assistant Secretaries of Agriculture. Both Houses agreed to conference report on bill to continue and ultimately liquidate rural-rehabilitation projects. House passed bill to authorize retirement of separated personnel with 25 years of service on reduced annuities. Senate approved reorganization plan 2 (Federal Security Agency), and disapproved plan 1 (research, credit union, and housing provisions). Senate agreed to conference report on Government corporations appropriation bill; receded from Senate amendment authorizing TVA fertilizer plant. President approved British-loan bill.

HOUSE

1. **RESEARCH; MARKETING.** Passed as reported H. R. 6932, the Flannagan-Hope bill to authorize additional appropriations for production and marketing research and marketing services (pp. 9148-59). For bill's provisions see Digests 102 and 128.
2. **ASSISTANT SECRETARIES OF AGRICULTURE.** The Agriculture Committee reported without amendment H. R. 5757, to provide for two additional Assistant Secretaries of Agriculture (H. Rept. 2521)(p. 9181). A companion bill has been reported by the Senate committee.
3. **CIVIL-SERVICE RETIREMENT.** Passed as reported H. R. 4718, to amend the Civil Service Retirement Act so as to permit personnel to retire on a reduced annuity if they are separated through no fault of their own after 25 or more years of service; provides that the pensions will be reduced 2% for each year an employee is under the optional retirement ages of 60 and 62 (pp. 9129, 9141-4).
4. **EFFICIENCY RATINGS.** Passed with amendments H. R. 5590, to provide for uniform administration of efficiency ratings (pp. 9146-7).
5. **RURAL-REHABILITATION PROJECTS.** Both Houses agreed to the conference report, on S. 704, to authorize this Department to continue the administration of and ultimately liquidate Federal rural-rehabilitation projects. . . . This bill will now be sent to the President. (pp. 9106-7, 9129.)
6. **IOWA CENTENNIAL.** Several members discussed this subject, including speeches on agricultural development, etc. (pp. 9160-73).

7. BANKING AND CURRENCY. Conferees were appointed on H. R. 4590, to authorize the use by industry of silver held or owned by the U. S. (pp. 9128-30).
8. PRICE CONTROL. Received a Northampton, Mass., Council resolution favoring OPA continuation "without crippling amendments" (p. 9182).

SENATE

9. REORGANIZATION. Rejected, 37-40, S. Con. Res. 65, disapproving of Reorganization Plan No. 2 (pp. 9088-106). This plan includes Federal Security Agency provisions. Agreed, 45-31, to H. Con. Res. 155, disapproving of Reorganization Plan No. 1 (pp. 9107-20). This plan includes the research, credit union, and housing provisions.
10. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Agreed to conference report on this bill, H.R. 6777 (pp. 9087-8). The Senate receded from its amendment authorizing a fertilizer plant near Mobile, Ala. Amendment No. 4 on public housing authority is still in disagreement.
11. THIRD DEFICIENCY APPROPRIATION BILL. Made this bill, H.R. 6885, the unfinished business for today (p. 9122).
12. LIVESTOCK AND MEAT; PRICES. Sen. Wherry, Nebr., discussed livestock and other commodity prices and inserted the American Meat Institute's reports on such prices (pp. 9124-5).
13. VETERANS; TERMINAL LEAVE. Received sundry telegrams and letters favoring H. R. 4051, to grant enlisted personnel certain benefits in lieu of accumulated leave (p. 9085).
14. PRICE CONTROL. Sen. Magnuson, Wash., criticized the price-control bill and inserted a Maritime Unity Committee resolution favoring increased wages if OPA is not reestablished (p. 9086).

BILLS INTRODUCED

15. FORESTRY FISCAL-OMNIBUS BILL. H.R. 7031 (see Digest 137) permits erection of Forest Service structures on non-Government land; permits open-market purchases by the Forest Service of forest-tree seed or cones or of forage plant seed when the amount is not over \$10,000, of forest-tree nursery stock when the amount is not over \$500, and of certain research materials with a \$50,000-a-year limit; authorizes Forest Service to contract for aerial facilities and services, with renewal provisions, in connection with forest management (presently authority is only for forest-fire protection); broadens the authority to permit performance of various kinds of work by the Forest Service, at the expense of interested parties, on national forest and related lands; broadens the Forest Service authority regarding deposits for brush and debris disposal; authorizes the Secretary to permit use of Forest Service structures, improvements, and related land by non-Government organizations and individuals for periods not over 30 years at rates determined by him; authorizes the furnishing of meals, lodging, etc., to persons attending Forest Service demonstrations and users of national forest resources and recreation facilities in certain situations; provides for selling at cost any available forest tree seed and nursery stock to any State or subdivision unable to procure or produce sufficient supplies; permits payment for telephones in residences of seasonal employees and cooperators when this is needed to protect the forests; authorizes reseeding of non-national forest land under certain conditions; permits certain Forest Service appropria-

PRICE CONTROL AND THE LAW OF SUPPLY AND DEMAND—ARTICLE FROM THE PALM BEACH POST.

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "Low of Supply and Demand Found Theoretical Rather Than Practical," published in the Palm Beach Post, which appears in the Appendix.]

CIVIL RIGHTS IN A POSTWAR ERA—ADDRESS BY ROBERT W. KENNY

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an address entitled "The Outlook for Liberty—Civil Rights in a Postwar Era," delivered by Robert W. Kenny, attorney general of California, at the seventh convention of the National Lawyers Guild, at Cleveland, Ohio, on July 6, 1946, which appears in the Appendix.]

CALL OF THE ROLL

Mr. McCARRAN. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hart	O'Mahoney
Andrews	Hawkes	Overton
Austin	Hayden	Pepper
Ball	Hill	Radcliffe
Barkley	Hoey	Reed
Bilbo	Huffman	Revercomb
Brewster	Johnson, Colo.	Robertson
Bridges	Johnston, S. C.	Russell
Briggs	Kilgore	Shipstead
Brooks	Knowland	Smith
Capehart	La Follette	Stanfill
Capper	Langer	Stewart
Carville	Lucas	Swift
Chavez	McCarran	Taft
Connally	McClellan	Taylor
Cordon	McKellar	Thomas, Okla.
Donnell	McMahon	Thomas, Utah
Downey	Magnuson	Tunnell
Eastland	Mead	Vandenberg
Ferguson	Millikin	Wagner
Fulbright	Mitchell	Walsh
George	Moore	Wherry
Gerry	Morse	White
Gossett	Murdock	Wiley
Green	Murray	Wilson
Guffey	Myers	Young
Gurney	O'Daniel	

Mr. HILL. I announce that the Senator from North Carolina [Mr. BAILEY] is absent because of illness.

The Senator from South Carolina [Mr. MAYBANK], and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Arizona [Mr. CFARLAND] is detained on public business.

The Senators from Virginia [Mr. BURCH and Mr. BYRD] are absent on official business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLERDEAL] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the Commission on the part of the Senate to participate in the Philippine independence ceremonies.

Mr. WHERRY. The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKEN-LOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the Commission appointed to attend the Philippine independence ceremonies.

The Senator from Delaware [Mr. BUCK] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from South Dakota [Mr. BUSHFIELD], and the Senator from Indiana [Mr. WILLIS] are necessarily absent.

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Eighty Senators having answered to their names, a quorum is present.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 8, 17, 19, 20, 21, and 22.

That the House recede from its disagreement to the amendments of the Senate numbered 9, 11, 12, 13, 15, 16, 23, 24, and 24½, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$7,340,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$34,553,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$4,650,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Federal Surplus Commodities Corporation: *Provided*, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation:

Provided further, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor."

And the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert "worn-out"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, and 4.

KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
ELMER THOMAS,
JOHN H. OVERTON,
C. WAYLAND BROOKS,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the Part of the Senate.

JAMIE L. WHITTEN,
ALBERT GORE,
BEN F. JENSEN,

Managers on the Part of the House.

Mr. McKELLAR. I ask unanimous consent for the immediate consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

Mr. McKELLAR. I move the adoption of the conference report.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TAFT. Can the Senator tell us what was done with the provision regarding the Housing Administration, in which the House attempted to prohibit the payment of any subsidies on contracts which the Government had made regarding housing?

Mr. McKELLAR. There was a disagreement as to that provision. First, I ask that the conference report be adopted.

Mr. TAFT. I have another question on the conference report. As I understand, that feature is not yet in agreement.

Mr. McKELLAR. That is not in agreement, but the Senate committee has agreed, and I shall make a motion to adopt that agreement. We were told by the department that \$500,000 would be required to carry out the agreement which the Government has made, and we propose to appropriate that much money for that purpose. That is exactly what is desired.

Mr. TAFT. I should like to ask a further question before returning to the question of housing. The appropriation bill approves the programs set forth in the budget for the Commodity Credit Corporation and the Reconstruction Finance Corporation. Those programs include subsidies in the sum of approximately \$2,000,000,000 for the two corporations. We provided that the subsidies should not be governed by this law, but should be governed by the OPA law, and we inserted some amendments on the floor of the Senate. My understanding is that it is proposed that the Senate recede from those amendments. Is that correct?

Mr. McKELLAR. Senate amendment numbered 14 reads as follows:

The types of programs set forth in the 1947 budget of the Commodity Credit Corporation, within the funds available to it are approved, but the subsidy program shall be subject to the provisions of H. R. 6042.

We substituted for that language:

Nothing in this act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law.

Is that satisfactory?

Mr. TAFT. No; it is not satisfactory, for this reason: We may have no OPA law. In the first place, the appropriation bill is inconsistent with the OPA bill. The appropriation bill specifically approves programs of approximately \$2,000,000,000 in the budget. The OPA measure cut those down to \$1,000,000,000, and provided that they must be completed by the first of April. The OPA measure is not a law. The only prohibition against subsidies is contained in the OPA measure, and the OPA law may or may not be extended. So I think it would be unfortunate to approve \$2,000,000,000 subsidy program and then have no OPA law. The OPA measure provides that no subsidy shall be paid on any product after decontrol, because it is generally thought that in most fields subsidies are impracticable if there is no price control.

I shall not object to the conference report, but only with the understanding that if the OPA measure should be vetoed, we ought to enact a special subsidy law. I presume that if the OPA extension should fail, we would wish to enact a rent-control law in any event. I suggest to the Senator, if that is done, the rent-control law should also contain a provision regarding subsidies which will supersede anything that is done in this appropriation bill.

Mr. McKELLAR. I think the Senator is entirely correct.

Mr. TAFT. It is almost certain that such a proposal will be before us. I merely wish to give notice that while this bill in a vague way approves a \$2,000,000,000 subsidy program, I do not think that is the intent of the Senate or the House. Whether or not there is price control some other provision will have to be made. If the OPA measure is approved, I take it that any provision in the appropriation bill would be superseded by what is in the OPA law. If the OPA law should fail, then I think we should enact special legislation, along with rent legislation, to deal with the subsidy question.

Mr. McKELLAR. I think undoubtedly that would have to be done.

Mr. TAFT. Under those circumstances, I have no objection to the remainder of the report.

Mr. McKELLAR. I ask for the adoption of the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. McKELLAR. I ask the Chair to lay before the Senate the message from the House showing its action on certain amendments of the Senate.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6777, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
July 12, 1946.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "\$39,906,000."

That the House recede from its disagreement to the amendment of the Senate numbered 3, to said bill, and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert "*Provided*, That of the \$39,906,000 appropriated herein, \$14,000,000 shall be available for the immediate resumption of work on the Watauga and South Holston Dams."

That the House recede from its disagreement to the amendment of the Senate numbered 4, to said bill, and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out by the said amendment insert "*Provided further*, That not to exceed \$500,000 of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress: *Provided further*, That no part of the funds herein shall be used to pay rent subsidy accruing after the date of this act with respect to any family whose gross annual family income exceeds the maximum family income falling within the lowest 25 per centum by number of all gross annual family incomes in the municipality where the public housing project in which such family resides is located."

That the House insist upon its disagreement to the amendment of the Senate numbered 1 to said bill.

Mr. McKELLAR. I move that the Senate recede from its amendment No. 1.

The motion was agreed to.

Mr. McKELLAR. I move that the Senate concur in the House amendments to Senate amendments Nos. 2 and 3.

The motion was agreed to.

Mr. McKELLAR. Mr. President, I now move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 4, with an amendment as follows: In the matter proposed by the House amendment to the Senate amendment, strike out the second proviso. That refers to the \$500,000 for carrying out the agreement which has been made, and that is the amount which the Department estimates will be required. The Senate knows that a contract for low-cost housing was entered into; and the amendment knowns as the Gore amendment, which was offered by the House, would have violated that contract. The Senate has provided that the \$500,000 be appropriated for carrying out that contract, and I am very hopeful that the contract will be carried out.

Mr. LA FOLLETTE. Mr. President, as I understand the situation, if the Senate follows the recommendations of the Senator from Tennessee, the proviso added by the House as to the low-income groups will be eliminated.

Mr. McKELLAR. The language is:

Provided further, That not to exceed \$500,000 of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress.

Mr. LA FOLLETTE. And the Senator is asking, is he not, the Senate to agree to that and then to strike out the second proviso?

Mr. McKELLAR. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. McKELLAR. I thank the Senator from Nevada very much. This matter will now go to the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

H. R. 6597. An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes;

H. R. 6837. An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes; and

S. J. Res. 133. Joint resolution to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

REORGANIZATION PLAN NO. 2

The Senate resumed consideration of the concurrent resolution (S. Con. Res. 65), disapproving Reorganization Plan No. 2, transmitted to Congress by the President on May 16, 1946, which resolution had been reported adversely from the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, the same arrangement will be followed with respect to the pending concurrent resolution as prevailed during the consideration of the previous concurrent resolution. Control of time will be the same as with respect to the previous concurrent resolution.

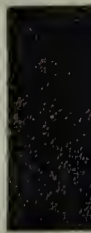
The Senator from Nevada [Mr. McCARRAN] is recognized.

Mr. McCARRAN. Mr. President, the pending business before the Senate is Reorganization Plan No. 2. It was made the unfinished business on Saturday last. Reorganization Plan No. 2 was transmitted to the Senate on May 16, 1946. The President's letter of transmittal and the text of the plan have been printed as House Document 595, Seventy-ninth Congress, second session.

In the report each section of the plan is taken up in order, and I propose to discuss the plan as it is presented.

Section 1 relates to funds concerning child welfare, crippled children, child and maternal health, and research in problems of child life. Those matters are transferred by this section to the Federal Security Agency, to tie them in with State and Federal programs pres-

Aug 16



DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued July 17, 1946
For actions of July 16, 1946
79th-2nd, No. 139

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HIGHLIGHTS: House sent price-control measure to conference. House further insisted on provision in Labor-Federal Security appropriation bill prohibiting NLRB actions regarding packing-canning employees. House completed action on Government corporations appropriation bill. House passed S. 1236, to amend Mineral Leasing Act. Senate passed bill to continue Sugar Act; agreed to Sen. George's request that continuation be for one year instead of 3. Senate passed 3rd deficiency appropriation bill; agreed to committee amendments regarding USDA; agreed to Cordon amendment to authorize CCC to buy and process surplus potatoes for foreign relief. Senate committee reported O'Mahoney wool bill.

HOUSE

PRICE CONTROL. Reps. Spence, Brown of Ga., Patman, Barry, Wolcott, Crawford, and Gamble were appointed conferees on H. J. Res. 371, to extend and amend the Price Control and Stabilization Acts (p. 9260). The vote on ordering the previous question on a resolution to send the measure to conference was 211-64 (pp. 9250-60, 9286-91). House conferees appointed July 12.

LABOR-FEDERAL SECURITY APPROPRIATION BILL. Received a further conference report on this bill, H. R. 6739, stating that the conferees failed to agree regarding the Elliott amendment to prohibit NLRB action regarding packing and canning employees. Insisted on the amendment after rejecting, 136-213, a motion by Rep. Ceeffe, Wis., to concur in the Senate amendment to strike out the Elliott amendment. (pp. 9249-50, 9270-6.)

GOVERNMENT CORPORATIONS APPROPRIATION BILL. Agreed to a motion by Rep. Whitten, Miss., to concur in a Senate amendment, as amended, which does not affect this Department (pp. 9248-9). This bill will now be sent to the President.

MINERALS. Passed as reported S. 1236, to amend the Mineral Leasing Act so as to promote development of oil and gas on the public domain (pp. 9224-8).

FORESTRY. Passed with amendments H. R. 7004, to revise the boundaries of Wind Cave National Park, S. Dak., which involves exchange of land in the Harney National Forest (pp. 9294-5).

SYNTHETIC-RUBBER PLANTS. Rep. Manasco, Ala., asked for consideration of S. Res. 174, prohibiting War Assets Administration from disposing of certain synthetic-rubber plants and facilities until 6 months after a national rubber program is submitted to Congress, but withdrew his request after discussion

(pp. 9238-9).

7. ATOMIC ENERGY. Agreed, 162-35, to a resolution providing for consideration of S. 1717, the atomic-energy bill (pp. 9260-9).
8. FISHERIES. Passed as reported H. R. 3230, to provide for investigation and conservation of the fishery resources and development of the fishing industry in and near Hawaii (pp. 9221-2).
9. VETERANS. Rep. Kearney, N. Y., spoke in favor of H. R. 6746, the "Veterans Employment and National Economic Development Corporation Act of 1946" (pp. 9291-4).
10. SOCIAL SECURITY. As reported July 15, H. R. 7037 extends the present rates for the Federal Insurance Contributions Act until Dec. 31, 1947. Otherwise it is the same as H. R. 6911 (see Digest 130).

SENATE

11. THIRD DEFICIENCY APPROPRIATION BILL. Passed with amendments this bill, H.R. 6885 (pp. 9193-214). Agreed to committee amendments to items for this Department. Rejected Sen. Barkley's (K.) amendment to restrict lend-lease shipments after Dec. 31, 1946, to those other than agricultural commodities (pp. 9205-7). Agreed to Sen. Cordon's (Oreg.) amendment to authorize CCC to purchase, process, etc., surplus potatoes of the 1946 crop for foreign relief purposes (pp. 9208-14). Sen. Ball (Minn.) discussed with other members the nutritional value of potatoes as compared to grains and the feasibility of shipment of raw potatoes abroad (pp. 9208-14). Sens. McKellar, Hayden, Russell, Overton, Thomas (Ola.), Brooks, Bridges, and Gurney were appointed conferees (p. 9214). House conferees not yet appointed.
12. SUGAR-ACT CONTINUATION. Passed with amendments H.R. 6689, to continue the act for one year (pp. 9215-6). Rejected committee amendments to continue the act for three years.
13. WOOL MARKETING. Reported with amendments S. 2033, to provide for support for wool, to amend the Agricultural Marketing Agreement Act of 1937 by including wool as a commodity to which orders under such Act are applicable, and to authorize the Secretary to fix wool standards (S. Rept. 1716) (p. 9184).
14. SURPLUS PROPERTY. Received from RFC a certificate of dissolution of the War Assets Corporation (p. 9183).
15. RENT CONTROL. Sen. White, Maine, inserted a Lewiston (Maine) resolution favoring rent-control legislation (p. 9184).
16. REGIONAL AUTHORITIES. Sen. McKellar, Tenn., inserted and discussed with other members Drew Pearson's Washington Post article, "McKellar Turns TVA Sugar-Dad" (pp. 9215-6).

BILLS INTRODUCED

17. SUBSIDIES. S. 2445, by Sen. Downey, Calif., "to amend Public Law 86, Seventy-ninth Congress." To Banking and Currency Committee. (p. 9184).
18. PUBLIC LANDS; VETERANS. H.R. 7054, by Rep. Jackson, Wash., to extend to veterans of World War II preference with respect to the sale of lands disposed of

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Walter J. Barnes Electric Co. and Maritime Electric Co., Inc., joint adventurers, the sum of \$4,179.65. The payment of such sum shall be in full settlement of all claims of the said companies against the United States for the installation of electric wiring in three booster stations at Camp Livingston, La., and one sewer lift station at Camp Beauregard, La., as subcontractors under contracts No. W-6942-qm-21 and No. W-6942-qm-27, both dated July 5, 1941, between the United States Army and Pittman Bros. Construction Co., and which stations were not shown on drawings forming a part of the respective contracts, but which were shown and required by revised drawings dated December 23, 1941: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SOUTHEASTERN SAND & GRAVEL CO.

The Clerk called the bill (H. R. 6536) for the relief of Southeastern Sand & Gravel Co.

There being no objection, the Clerk read the bill, as follows:

Whereas the Southern Bitumen Co. heretofore contracted with the United States to build an outfall sewer in the city of Anniston, Ala., the contract being designated as Federal Works Agency project No. Ala. 1-160 (F); and

Whereas Roberts Blount became the guarantor on said contract; and

Whereas the Southern Bitumen Co. defaulted on its contract and Roberts Blount arranged for the completion of said contract by the Southeastern Sand & Gravel Co., and the same was so completed in 1943; and

Whereas the Federal Works Agency withheld from the contract price the sum of \$13,685 on account of liquidated damages for delay in completion and on account of an alleged defect in workmanship resulting in excess seepage of water into the sewer main, which said defect has since proved in actual use for nearly 3 years to be of no material consequence; and

Whereas the sum of \$3,053.89 has been paid to the Southeastern Sand & Gravel Co. as assignee of the Southern Bitumen Co. in part payment of the sum of \$13,685 due under said contract: Therefore

Be it enacted, etc., That the Administrator of the Federal Works Agency is hereby authorized and directed to pay to the Southeastern Sand & Gravel Co., or its assignee, the sum of \$10,631.12 in full satisfaction of all claims of the Southern Bitumen Co., the Southeastern Sand & Gravel Co., and Roberts Blount arising out of the construction of the afore-mentioned sewer at Anniston, Ala., under project No. Ala. 1-160 (F).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RALEIGH B. DIAMOND

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 1019, the bill (H. R. 2123) for the relief of Raleigh B. Diamond, the first bill on the Private Calendar today, and I ask unanimous consent that the proceeding had on that bill be vacated and that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

FREE HIGHWAY BRIDGE ACROSS SUSQUEHANNA RIVER IN LUZERNE COUNTY, COMMONWEALTH OF PENNSYLVANIA

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 5537) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Susquehanna River at a point between the borough of Plymouth, in Plymouth Township, and Hanover Township, in the county of Luzerne, and in the Commonwealth of Pennsylvania.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts (Mr. McCORMACK)?

Mr. GRAHAM. Mr. Speaker, reserving the right to object, and I do not intend to object, at the request of the gentleman from Pennsylvania (Mr. GILLETTE), I am authorized to withdraw his objection to the erection of this bridge. The gentleman from Pennsylvania (Mr. GILLETTE) introduced the original bill through a misunderstanding, but in the interest of the public and the good it will accomplish he is withdrawing all objections, and he asked that I request of you that this bill be passed unanimously.

Mr. McCORMACK. I thank the gentleman very much.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge, and approaches thereto, across the Susquehanna River, at a point suitable to the interests of navigation, between the Borough of Plymouth, in Plymouth Township and Hanover Township, in the county of Luzerne, and in the Commonwealth of Pennsylvania, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CRIMES AND CRIMINAL PROCEDURE

Mr. KEOGH. Mr. Speaker, I ask unanimous consent for the immediate consideration of H. R. 2200, a bill to revise, codify, and enact into positive law, title 18 of the United States Code, entitled "Crimes and Criminal Procedure."

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York (Mr. KEOGH)?

There was no objection.

Mr. KEOGH. Mr. Speaker, I ask unanimous consent that the reading of the bill be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEOGH. Mr. Speaker, this bill, H. R. 2200, will enact into law a Federal Criminal Code which would comprise, in one place, all existing law dealing exclusively with crimes and criminal procedure. These laws are now scattered through numerous volumes of the statutes at large. The bill is a culmination of more than 2 years' work by a staff of experts under the supervision of the Committee on Revision of the Laws.

I am happy to say at the outset that the bill has the unanimous support of both the Committee on Revision of the Laws and the Committee on the Judiciary. I want to express the sincere gratitude of the Committee on Revision of the Laws to the House Committee on Judiciary and its able chairman, the gentleman from Texas (Mr. SUMNERS), and its subcommittee under the chairmanship of the distinguished gentleman from New York (Mr. CELLER), who gave unstintingly of their time and efforts in considering the bill after it was reported by the Committee on Revision of the Laws.

A complete statement of the background of this codification is contained in House Report 152, and it is my intention to make only a brief explanation at this time.

The need for a comprehensive codification of the criminal laws has been recognized for many years by members of the bench and bar. This bill is intended to supply that need for the first time since 1909. When the Committee on Revision of the Laws undertook this task it obtained the services of the West Publishing Co., of St. Paul, Minn., and the Edward Thompson Co., of Brooklyn, N. Y., two leading law publishing firms who have been engaged in codification of Federal laws since the first United States Code was adopted in 1925. These companies in turn assembled a staff of experts and a distinguished advisory committee of leading members of the bench and bar, all of whom have worked in close cooperation with the Committee on Revision of the Laws and its counsel. Several preliminary drafts of the codification were prepared and considered in detail by the advisory committee and wide distribution was given to two such drafts. The codification received the endorsement of the then Attorney General of the United States who had designated a member of his staff to attend the advisory committee sessions. The bill has also been endorsed by the Criminal Law Section of the American Bar Association.

It has been our aim in preparing this bill to furnish a modern, simple and understandable code of the Federal criminal law, in keeping with our motto, "Making the laws understandable is as

important as making the laws." To accomplish this, it was necessary to make a complete reclassification and renumbering of the existing statutes so that these laws could be found in a convenient form by the lawyer and judge and the public. Not only were we concerned with existing law but we have endeavored to provide for future legislation by our alphabetical and numerical arrangement.

In analyzing existing statutes for the purpose of consolidating them in this code, it was found that there were many inconsistencies in punishment provisions. These have been reconciled and each change in punishment has received the complete and unanimous approval of the Committee on Revision of the Laws and the Committee on the Judiciary.

The enactment of this bill now is peculiarly timely because of the recent adoption of the Federal Rules of Criminal Procedure by the Supreme Court. Our treatment of the subject matter covered by the laws has received the endorsement of the Supreme Court Advisory Committee on Rules of Criminal Procedure.

The codification has been accorded widespread distribution to members of the judiciary and United States attorneys and marshals, as well as to executive departments and agencies, to all of whom we are indebted for helpful suggestions and criticisms during the course of our work.

Simplification and improvement in existing law has been effected in this bill through the adoption of an alphabetical arrangement of crimes and through the use of a clear and uniform style and elimination of verbose, ambiguous, and archaic expressions. The consolidation of sections is also the source of great improvement. A distinctive feature is the specific repeal of the statutes incorporated in the bills which is an essential element in codification bills but which too often has been omitted from this type of bill in the past.

(Mr. KEOGH asked and was given permission to revise and extend his remarks.)

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES APPROPRIATION, 1947

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 6777, an act making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, and concur in the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 4.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. TABER. Reserving the right to object, Mr. Speaker, will the gentleman explain what that is?

Mr. WHITTEN. It has to do with the housing appropriation in the low-rent

housing projects. The House placed a restriction in the original bill. When it went to the Senate this provision was stricken out. It came back to the House and we provided only \$500,000 of a requested amount of \$4,300,000, for rent subsidies on the 641 projects after an opinion was filed with the committee from the Solicitor General's office, that we would be violating a Government contract unless such provision was made. We then provided that in the use of this money only persons within the lower 25 percent based on income within the respective communities would be the only ones that would be able to go into these projects. We found that would not fit into the general law; that it would not be enforceable, for the reason that no figures were available to show those in the 25 percent income bracket. For that reason, we have yielded to the Senate's position, which was to strike out such restriction.

The Senate agreed in all the action of the House on the bill the other day, including several matters in which the gentleman from New York was interested, with the exception of this provision. If this is accepted by the House now, it will finally close the corporation appropriation bill for the next fiscal year.

Mr. TABER. Did all the conferees on the part of the House sign the report?

Mr. WHITTEN. All the conferees have agreed to the report.

Mr. TABER. And are they agreeable to this action?

Mr. WHITTEN. They are.

Mr. SMITH of Ohio. What is the amount involved here?

Mr. WHITTEN. The question involved is not a question of amount, it is a question of a provision in the House bill dealing with low-cost housing and the matter of their rental in the next fiscal year to those falling within the lowest 25-percent-income group in the different communities. There are no figures available by which it can be determined what is the lower 25 percent and for that reason the provision is unworkable and the House has receded from its position.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield further?

Mr. WHITTEN. I yield.

Mr. SMITH of Ohio. How does this relate to S. 1426?

Mr. WHITTEN. To what does the gentleman have reference?

Mr. SMITH of Ohio. The slum-clearance bill for the District of Columbia.

Mr. WHITTEN. It has no relationship whatever to the District of Columbia bill, as I understand it.

Mr. SMITH of Ohio. It has no relationship to S. 1426?

Mr. WHITTEN. It does not.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Senate amendment to House amendment to amendment of Senate No. 4: Strike out "Provided further, That no part of the funds herein shall be used to pay rent subsidy accruing after the date of this act with

respect to any family whose gross annual family income exceeds the maximum family income falling within the lowest 25 percent of the number of all gross family incomes in the municipality where the public-housing project in which such family resides is located."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 4 and concur in the same.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RICH. Have we eliminated the fertilizer plant?

Mr. WHITTEN. That is correct.

Mr. BARDEN. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. BARDEN. I see that it restricts the use of funds to subsidize rents for a particular group. Is there any provision in there for using a part of those funds to subsidize rents?

Mr. WHITTEN. The matter in disagreement is the restriction from which the House would withdraw under this motion.

The other funds come about under laws previously passed and in connection with contracts that have been executed by the Government already.

Mr. BARDEN. I wonder if the gentleman can say how much money is involved in this bill to be used to subsidize rents?

Mr. WHITTEN. Approximately \$14,000,000; and that appropriation becomes necessary under commitments for the low-rent housing projects which were authorized by Congress, I believe in 1936. Contracts were executed with local housing authorities, and under the 1936 law and the contracts, the Federal Government has committed itself to pay these subsidies over a period of 60 years.

I am glad the gentleman raises the point, for it should be brought to the attention of the Congress, but as far as this committee was able to see there was nothing we could do about that because the contract and been executed under the authority of the law, and the contracts entered into under the authority of the law, and the Solicitor General has held that unless the contracts are carried out the Government is subject to suit.

I would like for the gentleman to press his views on the matter when we get to the consideration of the Wagner-Taft-Ellender bill, which would further extend this type of project and commit the Federal Government to annual payment of millions of dollars in rent subsidies. The present appropriation is necessary because of prior authority granted for this sort of housing which was already set up and going.

It is not in disagreement here.

Mr. BARDEN. As I understood it when we passed this law, the reduced rents or charges for these living quarters were to be fixed at such rate that it would not be necessary to use the subsidy so long as things were moving along normally. If they are not going to be able to pay

their rents on wages that are now being paid I wonder when we can ever expect them to.

Mr. WHITTEN. I might say to the gentleman that that problem did not fall within the jurisdiction of the conference committee on this amendment. We must provide for the carrying out of those contracts that have been entered into. That has to do with the basic law and not with the action of the committee.

Mr. BARDEN. The wrong should be remedied by those charged with the responsibility of fixing the rents by fixing them at such point that they would carry themselves without expense to the Government. And without expense to others, who in many cases live in much less expensive, convenient, and comfortable homes and apartments.

Mr. WHITTEN. I am in thorough agreement with the gentlemen. Our committee tried to make such provision for the 641 projects, only to find that the Government was liable for such funds and that suit could be sustained for such funds, or so the Solicitor General's office held. The basic law, of course, could be changed to take care of that proposition and in my judgment should be so changed.

Mr. BARDEN. I understood that the subsidy was only to be used when the income from the project was insufficient to provide the carrying charges.

Mr. WHITTEN. Under the basic law, as I understand it, they must take these lower income folks into such projects. This they haven't done. If they take or keep people in such projects whose income is sufficient to pay higher rent, they are supposed to let them out and take in others. If persons not within the lower income group are retained within such projects, no subsidy is to be paid for such family.

Mr. BARDEN. I want to say to the gentleman they have done everything except that, in many instances.

Mr. WHITTEN. But they are not paying any subsidies for those who are in the income classification who are able to pay their rent.

Mr. PLOESER. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Missouri.

Mr. PLOESER. I think either the gentleman from Mississippi or the committee should make it clear that an agreement to this amendment does not mean that the committee is satisfied with the method by which these subsidies have been handled or are we satisfied with the method in which these housing projects have been rented, but we are not in position to add a specific criticism at this time. The committee does plan a thorough investigation and when it comes back again next year we will be able to give you a detailed report and make specific recommendations.

Mr. BARDEN. The reason this is so fresh in my mind is because I had a report from one of the housing projects in my district in which there are now some 300 vacant living quarters. They are restricted to the use of veterans, first, and civilians who work on a certain project. I have a report from the manager of that project that there are not

enough veterans and will not be to use 300 vacant living quarters and there are not enough and will not be enough civilian employees to use them, yet the Housing Administration says those 300 living quarters must remain idle. There is a loose wheel somewhere. And this foolish situation should be corrected at once.

Mr. WHITTEN. I may say to the gentleman, if I might add to what the gentleman from Missouri has stated, the committee has directed a special investigator to investigate this entire set-up during the coming summer and we hope to have available for the House in further consideration of this matter next year detailed information on how these projects are being operated. So far as the matter that is now pending before the House is concerned, it does not reach what the gentleman has in mind. I will cooperate with him in reaching it in every way that it is possible to do so.

Mr. PLOESER. I think it should be explained to the House that the committee, being a new Committee on Appropriations and having considerable difficulty even getting a budget program until late in the season, was not able to apprehend the urgent need for this investigation, or we might have had it done this year. We have worked as rapidly as possible. We do not condone these practices and we promise you if there is anything that the committee can do to correct them we will take every step to do it.

Mr. BARDEN. I am not criticizing the committee and have no intention of doing so or the work it has done.

Mr. PLOESER. I know that.

Mr. BARDEN. I knew there was something lurking in this particular item that would be of considerable interest to the House. I hope we will take it upon ourselves to attempt to remedy it in the early future.

Mr. PLOESER. I am most grateful for the gentleman's contribution because it has given us an opportunity to somewhat clear up the committee's intention so that there will be no misunderstanding when we agree to this Senate amendment.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. The figure of \$14,000,000 was mentioned. That represents what the total amount of annual contributions is to be in 1947 for all low-rent housing?

Mr. WHITTEN. That is my understanding.

Mr. SMITH of Ohio. I thank the gentleman.

Mr. WHITTEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi.

The motion was agreed to, and a motion to reconsider was laid on the table.

EMERGENCY PRICE CONTROL ACT OF 1942, AS AMENDED

Mr. SABATH. Mr. Speaker, I call up House Resolution 707.

CALL OF THE HOUSE

Mr. THOMAS of New Jersey. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 222]

Allen, La.	Gallagher	Mason
Anderson, Calif.	Gibson	Miller, Calif.
Andrews, N. Y.	Gillespie	Norrell
Baldwin, Mo.	Gossett	Norton
Beckworth	Gwinn, N. Y.	O'Toole
Bell	Hall	Peterson, Ga.
Bennet, N. Y.	Edwin Arthur Powell	
Boren	Harless, Ariz.	Priest
Boykin	Harris	Randolph
Bradley, Pa.	Hébert	Reece, Tenn.
Brumbaugh	Hendricks	Rizley
Bunker	Hollifield	Robinson, Utah
Clippinger	Holmes, Wash.	Roe, N. Y.
Cochran	Hook	Sasser
Coffee	Johnson	Sheridan
Colmer	Lyndon B.	Slaughter
Cooper	Johnson, Okla.	Sparkman
Cox	Kerr	Stewart
Cravens	Kilday	Tarver
Crawford	Ludlow	Tolan
Curley	McGehee	Torrens
Daughton, Va.	McMillan, S. C.	Vinson
Davis	Mahon	Welch
Dingell	Mankin	West
Earthman	Mansfield	Wickersham
Eberharter	Mont.	Wolfenden, Pa.
Engel, Mich.	Mansfield, Tex.	Wood

The SPEAKER. On this roll call 355 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1947—CONFERENCE REPORT

Mr. HARE submitted the following conference report and statement on the bill (H. R. 6739) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate numbered 39 to the bill (H. R. 6739) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes, having met after full and free conference, have been unable to agree on Senate amendment numbered 39.

BUTLER B. HARE,
JOHN J. ROONEY,
M. M. NEELY,
FRANK B. KEEFE,
H. CARL ANDERSEN,

Managers on the Part of the House.

PAT McCARRAN,
KENNETH McKELLAR,
RICHARD B. RUSSELL,
JAS. M. MEAD,
ABE MURDOCK,
JOSEPH H. BALL,
WALLACE H. WHITE, Jr.,
STYLES BRIDGES,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on amendment numbered 39

of the Senate to the bill (H. R. 6739) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying report as to such amendment, namely:

Amendment numbered 39: The conferees have been unable to reach any agreement whatever respecting the differences of the two Houses on this amendment and hence the amendment is reported in disagreement.

BUTLER B. HARE,
JOHN J. ROONEY,
M. M. NEELY,
FRANK B. KEETE,
H. CARL ANDERSEN,

Managers on the Part of the House.

EMERGENCY PRICE CONTROL ACT OF 1942, AS AMENDED

Mr. SABATH. Mr. Speaker, I renew my request to call up House Resolution 707.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution the joint resolution (H. J. Res. 371), extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, with the Senate amendment thereto, be, and the same is hereby, taken from the Speaker's table; that the Senate amendment be, and it is hereby, disagreed to by the House, that the conference requested by the Senate on the disagreeing votes of the two Houses on the said bill be, and hereby is, agreed to by the House; and that the Speaker shall immediately appoint conferees without intervening motion.

WE NEED PRICE CONTROL

Mr. SABATH. Mr. Speaker I yield myself 5 minutes and later on I shall yield 30 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. Speaker, this resolution complies with the request of the Senate to send the OPA bill our original House Joint Resolution 371 to conference. I am of the opinion that most of the Members, having the interests of the people at heart and desirous of seeing that the public shall not be mulcted and held up by excessive prices which have been going up since July 1, will adopt this resolution in the hope that the conferees will be able to agree on a bill which will safeguard and protect the consumers from the extortionate and outrageously high prices they are now obliged to pay due to the fact there is no law in effect.

NEWSPAPERS SUPPORT PRICE CONTROL

I have in my hand many clippings and articles from newspapers that formerly were opposed to price control that now realize something must be done and that a decent price control law should be enacted without delay. These newspapers include the New York Times, the Chicago Sun, Baltimore Sun, Chicago Times, Washington Post, Philadelphia Record, and other outstanding newspapers of the country.

Mr. Speaker, in view of what has been going on throughout the Nation recently, I feel that the conferees of the House will be able to convince the Senate conferees that the changes must be made and that the exemptions provided in the Senate bill, which place the burden of the high cost of living on those

who can least afford it will be stricken and that an agreement will be reached that will be in the interest of the people. I fear unless something is done we will have a situation in this country that will be troublesome because laboring people cannot exist on the present scale of wages with the increase in the cost of living, from 20 to 30 percent, that has taken place in the last few weeks, especially since July 1. In fact, the prices now are higher than ever before. It is manifestly unfair, unjust, and unreasonable for the producers and manufacturers of this country to be permitted to charge the people of the Nation exorbitant prices for the purpose of enhancing and increasing the already tremendous profits which they have made and which they do not need. People need food.

PEOPLE CANNOT FEED FAMILIES PROPERLY

The common people cannot feed their families properly at the present high prices. I hope, therefore, that many of you who voted for the crippling amendments to OPA and forced the President to exercise his veto will now realize the vital need for effective price control, and the alarming conditions, and will be willing now to change your vote on this measure, just as I changed my own position a few days ago on another bill, as you will recollect. I feel that effective and impartial price control is in the best interest of our country and of the American people.

In that connection I wish to call attention to the outrageous increases in the price of foodstuffs in the last 2 weeks; yet in the face of this the Senate bill would strip price controls from nearly all foodstuffs.

VOTERS WILL PROTEST

I fully appreciate the influence, Mr. Speaker, and the persuasive power, of these economic blocs formed by growers and producers and processors of livestock, grains, dairy products, meat, poultry, eggs, cottonseed, soybeans, tobacco, petroleum and petroleum products; but what of the 140,000,000 consumers in the United States? Do they deserve no consideration? Will they accept this raid on their incomes without a word or vote of protest?

I hope the Senate will not insist upon protecting these special and regional interests at the expense of the American consumer, who has been finding it increasingly difficult to make ends meet under these unjustifiable rigged-up food prices.

Our failure to adopt a decent price-control bill, as I have said many times on this floor, is almost certain to bring about a dangerous spiral of inflation with its train of reduced real wages, the wiping out of savings and of equities in annuities, pensions, and insurance policies, reduction in standards of living, strikes, consumer resistance, and eventual swift deflation with its ruinous consequences.

SHOULD CONSIDER FUTURE

If the pressure groups—the manufacturers, growers, and packers—instead of giving way to their avaricious desire for big, quick profits, would give consideration to the future and their continued

welfare, they would realize that deliberately inviting inflation will bring greater eventual loss than they can possibly make now in immoral profits.

• There has been so much said about the unfair bill which the President was forced to veto, and so much more about the present Senate bill, that the country is up in arms. I have no doubt that since the other body adopted this still more unjust measure they have heard from home in no uncertain terms, and are coming to realize that it is not only in their country's interest but in their own to present a bill to the President which he can sign.

CONSIDERS RISES CRIMINAL

Every report indicates bumper crops of every kind in 1946. What possible justification can there be that some foods shot skyrocket—not just 20 or 30 percent, but 50 and even 60 percent in just 2 weeks' time?

I consider this criminal.

Mr. Speaker, I desire to insert at this point some headlines of the last week, selected from daily newspapers received in my office; and I want to draw attention to the fact that, regardless of editorial policy on OPA of a few weeks ago, daily newspapers all over America, with only a few exceptions, now support the principle of price control.

From the Washington Post: "Menus reflect increased costs—Many restaurants boost prices 25 percent and up; others will be forced to follow."

From the Christian Science Monitor: "Capital deadlock on OPA controls threatens Nation with price crisis."

From the Washington Star: "Bumper harvest seen for sixth year in latest crop report."

From the New York Times: "Riddled OPA bill passed by Senate."

From the Chicago Sun—On Stokes' Column: "Senate walls soundproof to public roar over OPA."

From Philadelphia Record: "Present food costs make it impossible to raise family, says \$38-a-week worker—Only profiteers happy over Senate's OPA bill."

From Chicago Sun: "Individual savings drop in quarter to \$2,900,000,000."

From Washington Times-Herald: "Food prices hit new high; cattle at \$23—Buyer strikes urged in New York, Philadelphia."

From Chicago Times: "Mass meetings hit OPA foes—OPA's scuttlers peril 3,000-home vet town."

And finally, Mr. Speaker, I desire to insert from today's Washington News a round-up story on retail prices in Washington:

RETAILERS "STRIKE" ON MEAT PRICES

The first 2 weeks without OPA already had put some dents in District pocketbooks today as meat prices continued to skyrocket and dairy products clung to their higher levels.

Fruits, vegetables, and other perishables appeared to be holding the line, although normal market fluctuations brought increases of a few cents on some items.

MEAT ARRIVES

Arrival of 30 carloads of meat here yesterday added to a greatly increased supply already in warehouses and gave the District its largest quantity of meat since OPA expired. However, little of it had reached re-

July
20



[PUBLIC LAW 519—79TH CONGRESS]

[CHAPTER 589—2D SESSION]

[H. R. 6777]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1947, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including the construction of South Holston Dam and Watauga Dam; and the acquisition of necessary land, the clearing of such land, relocation of highways, and the construction or purchase of transmission lines and other facilities, and all other necessary works authorized by such Act; purchase, hire, maintenance, repair, and operation of aircraft; rents in the District of Columbia and elsewhere; penalty mail (not to exceed \$25,000); and all necessary salaries and expenses connected with the organization, operation, and investigations of the Tennessee Valley Authority, \$39,906,000, together with the unexpended balance of funds heretofore appropriated, to remain available until June 30, 1947, and to be available for the payment of obligations chargeable against prior appropriations: *Provided*, That of the \$39,906,000 appropriated herein, \$14,000,000 shall be available for the immediate resumption of work on the Watauga and South Holston Dams.

NATIONAL HOUSING AGENCY

FEDERAL PUBLIC HOUSING AUTHORITY

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$8,300,000, together with the unexpended balance of the appropriation for this purpose for the fiscal year 1946: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy

any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the armed forces of the United States within four years prior to the date of application for admission to such housing: *Provided further*, That not to exceed \$500,000 of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress.

DEPARTMENT OF AGRICULTURE

FEDERAL CROP INSURANCE CORPORATION

Operating expenses: For operating and administrative expenses, \$7,340,000, including not to exceed \$700 for newspapers.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For the payment of obligations incurred under the contract authorization of \$18,000,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agencies Appropriation Act, 1944, \$3,456,710.

INTER-AMERICAN EDUCATIONAL FOUNDATION, INCORPORATED

For the payment of obligations incurred under the contract authorization of \$2,500,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agency Appropriation Act, 1945, \$1,083,577.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary to carrying out the programs set forth in the Budget for the fiscal year 1947 for each such corporation or agency, except as hereinafter provided:

INDEPENDENT AGENCIES AND CORPORATIONS

Export-Import Bank of Washington: *Provided*, That not to exceed \$780,000 of the funds of the Export-Import Bank of Washington shall be available during the fiscal year 1947 for all administrative expenses of the bank, including purchase, maintenance, operation, and repair of one passenger automobile; not to exceed \$100 for periodicals, \$200 for newspapers, and \$200 for maps; and not to exceed \$24,000 for the temporary employment of persons or organizations for special services by contract or otherwise, without regard to section 3709 of the Revised Statutes and the civil-service and classification laws:

Provided further, That all necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the bank or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof.

Panama Railroad Company: *Provided*, That not to exceed \$500,000 shall be available for administrative expenses.

Tennessee Valley Associated Cooperatives: *Provided*, That not to exceed \$2,500 shall be available for administrative expenses.

Tennessee Valley Authority.

FEDERAL LOAN AGENCY

Office of the Administrator: *Provided*, That of the funds available for administrative expenses to the agencies under the direction and supervision of the Federal Loan Administrator (12 U. S. C. 1801), \$118,000 is hereby made available to the Administrator for administrative expenses of supervising such agencies, including printing and binding (\$2,500); not to exceed \$10,000 for the temporary employment of persons or organizations for special services by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws.

Reconstruction Finance Corporation: *Provided*, That not to exceed \$34,553,000 (to be computed on an accrual basis) of the funds of the Reconstruction Finance Corporation, established by the Act of January 22, 1932 (47 Stat. 5), shall be available during the fiscal year 1947 for its administrative expenses and the administrative expenses of Federal National Mortgage Association, The RFC Mortgage Company, War Damage Corporation, U. S. Commercial Company, and Rubber Development Corporation; not to exceed \$650 for periodicals and newspapers; use of the services and facilities of the Federal Reserve banks; and not to exceed \$115,150 for deposit in the general fund of the Treasury for cost of penalty mail as required by section 2 of the Act of June 28, 1944 (Public Law 364): *Provided further*, That all necessary expenses (including services performed on a force account, contract, or fee basis, but not including other personal services except those which the corporations' prescribed accounting system requires to be capitalized or charged to the cost of commodities acquired) in connection with the acquisition, protection, operation, maintenance, improvement, or disposition of real or personal property belonging to said corporations, or in which they have an interest, including expenses of collections of pledged collateral, expenses incurred for services performed outside the limits of continental United States and properly capitalized expenditures, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That none of the funds of the Reconstruction Finance Corporation and the subsidiaries thereof shall be used for the custody, maintenance, or disposal of any surplus property except such property as may be owned by and held for disposal by the Reconstruction Finance Corporation or its subsidiaries: *Provided further*, That no part of the funds of the Reconstruction Finance Corporation or of any subsidiary thereof shall

be used to make any purchase or for personal services or to enter into any contract for the use or benefit of any other agency of the Government unless such agency shall have authority in law and appropriations available to make reimbursement for such purchase, personal services, or contract: *Provided further*, That none of the funds of the Reconstruction Finance Corporation and its subsidiaries shall be used for the making of any loan to any State, any subdivision thereof, any municipality therein, or any public authority, for construction purposes, unless in pursuance of a specific authorization if such loan would increase the aggregate amount of such loans outstanding above \$100,000,000.

Federal National Mortgage Association.

The RFC Mortgage Company.

Rubber Development Corporation. .

U. S. Commercial Company.

War Damage Corporation.

NATIONAL HOUSING AGENCY

Salaries and expenses, Office of the Administrator and Expediter: In addition to the amounts available by or pursuant to law (which shall be transferred to this authorization) for the administrative expenses of the Office of the Administrator, National Housing Agency, in carrying out duties imposed by or pursuant to law, such amounts, not exceeding \$450,000, as the Administrator determines are required for the expenses of the Office of the Administrator in the performance of administrative and supervisory services relating to the constituent units of said Agency shall be transferred, from the funds available for the administrative expenses of such constituent units for the fiscal year 1947, to this authorization for expenditure hereunder, and all such amounts shall be available for all necessary expenses of said Office of the Administrator; periodicals and newspapers (not to exceed \$1,000); preparation, mounting, shipping, and installation of exhibits; purchase of sixteen (including one at not to exceed \$1,800), maintenance, repair, operation, and rental of passenger automobiles; temporary employment of persons or organizations, by contract or otherwise, for research work, and for engineering, technical, legal, or other special services, including stenographic reporting services, without regard to section 3709 of the Revised Statutes and the civil-service and classification laws; expenses of attendance at meetings of organizations concerned with the work of the Agency, when specifically authorized by the Administrator; reimbursement for the actual cost of ferry fares and bridge, road, and tunnel tolls; payment of not to exceed 3 cents per mile to employees or others rendering service to the Government for use by them of privately owned automobiles for transportation on official business within the limits of their official stations; and purchase of teletype news services (not to exceed \$1,000): *Provided*, That the Administrator may, with the approval of the President of the United States, transfer to this authorization or to an authorization of a constituent unit from funds available for administrative expenses of the constituent units or the Office of the Administrator such additional sums as represent a consolidation in the Office of the Administrator or in a constituent unit of any of the administrative functions of the

National Housing Agency; but no such transfer of funds shall be made unless the consolidation will result in a reduction in manpower and a savings in administrative expenses, which savings shall not be used for administrative expenses but instead shall be returned to or remain in the funds from which administrative expenses are drawn under this authorization: *Provided further*, That a report of such transfers and the savings effected thereby shall be submitted to Congress in the annual budget.

Penalty mail costs: For costs of penalty mail of the National Housing Agency, not to exceed \$295,600, said sum to be derived by transfer of the unobligated balances, as of July 1, 1946, of the funds made available for penalty mail costs by the First Supplemental Appropriation Act, 1945, and the Independent Offices Appropriation Act, 1946, and by transfer, from the funds of the constituent units of said Agency available for administrative expenses, in not to exceed the following amounts: Office of the Administrator, \$15,000; Federal Home Loan Bank Administration, \$111,000; Federal Housing Administration, \$130,000; and Federal Public Housing Authority, \$39,600: *Provided*, That in no event shall any moneys in excess of the costs of penalty mail allocable, respectively, to said Office of the Administrator and each of the aforesaid constituent units of the National Housing Agency be transferred hereunder: *Provided further*, That so long as the positions of National Housing Administrator and Housing Expediter are held by the same person, such person may accept the salary of either such position but not to exceed \$12,000 per annum.

Federal Home Loan Bank Administration: *Provided*, That not to exceed a total of \$1,501,000, to be derived from the special deposit account established under the provisions under the head "Federal Home Loan Bank Administration" in the Independent Offices Appropriation Act, 1944, and from receipts of the Federal Home Loan Bank Administration or the Federal Home Loan Bank Board for the fiscal year 1947 and prior fiscal years, shall be available during the fiscal year 1947 for administrative expenses of the Federal Home Loan Bank Administration (Executive Order 9070 of February 24, 1942), and said Administration may transfer to a separate authorization (which is hereby authorized to be established), for expenditure by the Administration thereunder, not to exceed such amounts, from funds available for administrative expenses of the Federal Home Loan Bank Administration, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation, as said Administration may deem necessary or advisable to be so transferred for administrative expenses of or relating to any department or unit of said Administration providing services or facilities also to the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation; and use of services and facilities of the Federal home-loan banks, Federal Reserve banks, Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation and other agencies of the Government, the amounts so derived to be credited upon the books of the Treasurer of the United States in such account or accounts as said Administration may determine: *Provided further*, That all necessary expenses in connection with the conservatorship of institutions insured by the Federal Savings and Loan Insurance Corporation and all necessary expenses (including services performed on a contract or fee

basis, but not including other personal services) in connection with the handling, including the purchase, sale, and exchange, of securities on behalf of Federal home-loan banks, and the sale, issuance, and retirement of, or payment of interest on, debentures or bonds, under the Federal Home Loan Bank Act, as amended, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of the Administration shall be incurred, allowed, and paid in accordance with the provisions of the Federal Home Loan Bank Act of July 22, 1932, as amended (12 U. S. C. 1421-1449).

Federal Savings and Loan Insurance Corporation: *Provided*, That not to exceed \$532,000 shall be available for administrative expenses, including the use of services and facilities of the Federal home-loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Home Owners' Loan Corporation, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, and expenses in connection with liquidation of insured institutions, liquidation or handling of assets of or derived from insured institutions, payment of insurance, and action for or toward the avoidance, termination, or minimizing of losses in the case of specific insured institutions: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with title IV of the Act of June 27, 1934, as amended (12 U. S. C. 1724-1730).

Home Owners' Loan Corporation: *Provided*, That not to exceed \$4,650,000 shall be available for administrative expenses, including the use of services and facilities of the Federal home-loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Federal Savings and Loan Insurance Corporation, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, expenses (including services performed on a force account, contract, or fee basis, but not including other personal services) in connection with the acquisition, protection, operation, maintenance, improvement, or disposition of real or personal property belonging to said Corporation or in which it has an interest, and legal fees and expenses: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with the Home Owners' Loan Act of 1933, as amended (12 U. S. C. 1461-1468).

Federal Housing Administration: *Provided*, That in addition to the amounts available by or pursuant to law (which shall be transferred to this authorization) for the administrative expenses of the Federal Housing Administration in carrying out duties imposed by or pursuant to law, not to exceed \$17,624,000 of the various funds of the Federal Housing Administration as follows: (1) The mutual

mortgage insurance fund; (2) the housing insurance fund; (3) the account in the Treasury comprised of funds derived from premiums collected under authority of section 2 (f), title I of the National Housing Act, as amended (12 U. S. C. 1701); and (4) the war housing insurance fund shall be available for expenditure, in accordance with the provisions of said Act for the administrative expenses of the Federal Housing Administration, including, in addition to mileage at a rate not to exceed 4 cents per mile for travel by motor vehicle, reimbursement for the actual cost of ferry fares and bridge, road, and tunnel tolls, and employees engaged in the inspection of property, servicing of loans, or the liquidation of delinquent accounts, may be paid an allowance not to exceed 4 cents per mile for all travel performed in privately owned automobiles within the limits of their official posts of duty when such travel is performed in connection with such inspection, servicing, or liquidation; and not to exceed \$1,500 for periodicals and newspapers; not to exceed \$1,500 for contract actuarial services: *Provided further*, That all necessary expenses of the Administration (including both services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the Administration acquired under authority of titles I, II, and VI of said National Housing Act, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That, except as herein otherwise provided, the administrative expenses and other obligations, including nonadministrative expenses, of the Administration shall be incurred, allowed, and paid in accordance with the provisions of said Act of June 27, 1934, as amended (12 U. S. C. 1701): *Provided further*, That not to exceed \$3,000,000 of the funds (after allowance for salaries and expenses as authorized under the heading, "Salaries and expenses, National Housing Agency, Federal Housing Administration") in the account in the Treasury comprised of premiums collected under authority of section 2 (f), title I, of said Act, shall be available for the payment of losses under insurance granted under section 2 and section 6, title I, of said Act.

Federal Public Housing Authority: *Provided*, That of the amounts available by or pursuant to law for the administrative expenses of the Federal Public Housing Authority in carrying out duties imposed by or pursuant to law (all of which are hereby merged into a single administrative expense account), not to exceed \$18,000,000 shall be available for such expenses (including not to exceed \$3,882,400 of the funds available for administrative expenses for the corporate program), including temporary employment of persons or organizations, by contract or otherwise, for legal or other special services, without regard to section 3709 of the Revised Statutes and the civil-service and classification laws; reimbursement for the actual cost of ferry fares and bridge, road, and tunnel tolls; an allowance of not to exceed 3 cents per mile for official travel in privately owned automobiles by employees within the limits of their official stations; reimbursement at not to exceed 5 cents per mile to personnel serving without compensation from the United States for expenses of travel performed by them in privately owned automobiles away from their designated post

of duty; and photographing equipment: *Provided further*, That all necessary expenses of providing representatives of the Authority at the sites of non-Federal projects in connection with the construction of such non-Federal projects by public housing agencies with the aid of the Authority, shall be reimbursed or paid by such agencies, and expenditures by the Authority for such purpose shall be considered nonadministrative expenses, and funds received from such payments or reimbursements may be used only for the payment of all necessary expenses of providing representatives of the Authority at the sites of non-Federal projects or for administrative expenses of the Authority not in excess of the amount authorized by the Congress.

Liquidation of resettlement projects: Not to exceed \$99,500 of the receipts derived from the operation of the projects transferred under paragraphs 1 (g) and 6 of Executive Order 9070 of February 24, 1942 (7 F. R. 1529), shall be available for necessary expenses in connection with and to facilitate disposition of the improved or unimproved lands in the suburban resettlement projects known as Greenbelt, Greendale, and Greenhills, pursuant to the provisions of section 5 of the Emergency Relief Appropriation Act of 1935 (49 Stat. 115), including temporary employment of persons or organizations, by contract or otherwise without regard to section 3709 of the Revised Statutes and the civil-service and classification laws, for making surveys, plans, and plats, and expenses of additions, alterations, and improvements to streets and utilities.

Defense Homes Corporation: *Provided*, That not to exceed \$98,400 shall be available for administrative expenses, which shall be on an accrual basis and which expenses may include temporary employment of persons or organizations, by contract or otherwise, for legal or other special services, without regard to section 3709 of the Revised Statutes and the civil-service and classification laws; reimbursement for the cost of ferry fares and bridge, road, and tunnel tolls; an allowance of not to exceed 3 cents per mile for official travel in privately owned automobiles by employees within the limits of their official stations; and reimbursement at not to exceed 5 cents per mile to personnel serving without compensation from the United States for expenses of travel performed by them in privately owned automobiles away from their official stations: *Provided further*, That such administrative expenses shall be exclusive of interest paid, depreciation, properly capitalized expenditures, repayment of loans, property operating expenses (including project inventory), charges to surplus and operating reserve, and cost of sales of commodities, services, and property.

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation: Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: *Provided*, That not to exceed \$8,760,000 shall be available for administrative expenses of the Corporation, including not to exceed \$400 for periodicals, maps, and newspapers, and not to exceed \$30,000 for penalty mail: *Provided further*, That all necessary expenses (including legal and special services performed on a contract or fee basis,

but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That the Secretary of the Treasury is hereby authorized and directed to discharge \$921,456,561 of the indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes in such amount issued by the Corporation to the Secretary of the Treasury pursuant to section 4 of the Act of March 8, 1938, as amended (15 U. S. C. 713a-4).

Federal Crop Insurance Corporation.

Federal Surplus Commodities Corporation: *Provided*, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: *Provided further*, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor.

Federal Farm Mortgage Corporation: *Provided*, That not to exceed \$3,750,000 shall be available for administrative expenses of the Corporation, including employment on a contract or fee basis of persons, firms, and corporations for the performance of special services, including legal services; use of the services and facilities of Federal land banks, national farm-loan associations, Federal Reserve banks, and agencies of the Government as authorized by the Act of January 31, 1934 (12 U. S. C. 1020-1020h): *Provided further*, That except for the limitation in amount hereinbefore specified the administrative expenses and other obligations of the Corporation shall be incurred, allowed, and paid in accordance with the provisions of said Act of January 31, 1934, as amended (12 U. S. C. 1016-1020h).

Federal Intermediate Credit Banks: *Provided*, That not to exceed \$1,500,000 shall be available for administrative expenses.

Production Credit Corporations: *Provided*, That not to exceed \$1,600,000 shall be available for administrative expenses.

Regional Agricultural Credit Corporation of Washington, District of Columbia: *Provided*, That not to exceed \$341,000 shall be available for administrative expenses.

DEPARTMENT OF COMMERCE

Inland Waterways Corporation: *Provided*, That not to exceed \$624,000 shall be available for administrative expenses, including not to exceed \$3,600 for penalty mail: *Provided further*, That no funds shall be used to pay compensation of employees, except vessel employees, at rates in excess of rates fixed for similar services under the provisions of the Classification Act of 1923, as amended, and the Federal Employees Pay Act of 1945, as amended: *Provided further*, That no funds shall be used to pay the compensation of vessel

employees at rates in excess of rates prevailing in the maritime industry.

Warrior River Terminal Company: *Provided*, That not to exceed \$20,200 shall be available for administrative expenses.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company: *Provided*, That not to exceed \$20,000 shall be available for administrative expenses.

DEPARTMENT OF JUSTICE

Federal Prison Industries: *Provided*, That not to exceed \$268,826 shall be available for administrative expenses.

DEPARTMENT OF STATE

The Institute of Inter-American Affairs: *Provided*, That not to exceed \$700,000 shall be available for administrative expenses, and not to exceed \$4,000 shall be available for penalty mail.

Institute of Inter-American Transportation: *Provided*, That not to exceed \$50,500 shall be available for administrative expenses and not to exceed \$100 shall be available for penalty mail.

Inter-American Educational Foundation, Inc.: *Provided*, That not to exceed \$350,000 shall be available for administrative expenses, and not to exceed \$2,000 shall be available for penalty mail.

Inter-American Navigation Corporation: *Provided*, That not to exceed \$3,200 shall be available for administrative expenses and not to exceed \$50 shall be available for penalty mail.

Prencinradio, Incorporated: *Provided*, That not to exceed \$11,000 shall be available for administrative expenses related to liquidation and not to exceed \$50 shall be available for penalty mail.

WAR DEPARTMENT

United States Spruce Production Corporation: *Provided*, That not to exceed \$10,000 shall be available for administrative expenses until January 1, 1947, and thereafter all administrative duties and responsibilities shall be assumed by such officers and employees of the War Department as the Secretary of War may designate and who shall receive no additional compensation for such duties: *Provided further*, That the Secretary of War shall take appropriate steps to secure the final dissolution and liquidation of the said corporation at the earliest practicable date.

TITLE III—GENERAL PROVISIONS

SEC. 301. Funds made available by this Act for administrative expenses shall be available, in addition to objects for which such funds are otherwise available, for personal services and rent in the District of Columbia or elsewhere; lawbooks, books of reference, periodicals, newspapers, and maps; printing and binding; examination of budgets and estimates of appropriations in the field; contract stenographic

reporting services; travel expenses in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (except as to per diem rates outside continental United States), and the Act of February 14, 1931, as amended (5 U. S. C. 73a); and for the objects specified under the head "General provisions" in title II of the Independent Offices Appropriation Act, 1947, all the provisions of which title (except section 211), unless otherwise specified in this Act, shall be applicable to the expenditure of such funds: *Provided*, That the head of any agency may exercise any authority vested in him by said title II through such subordinate or subordinates as he may designate for the purpose.

SEC. 302. No part of any funds of any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building at the seat of government primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 303. Funds of the corporations and agencies covered by the provisions of this Act shall be available for maintenance, operation, and repair of passenger automobiles and, except as otherwise provided herein, shall be available for purchase of passenger automobiles only for replacement of worn-out vehicles.

SEC. 304. Any funds of, or available for expenditure by, any corporation or agency included in this Act, which are not subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act (Public Law 248, Seventy-ninth Congress) or other law, shall be accounted for and audited in accordance with the Budget and Accounting Act, as amended, and no such fund shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant: *Provided*, That this section shall not be so construed as to modify or repeal any provision of any other law respecting warranting, accounting for, and auditing of funds.

SEC. 305. No part of the funds of, or available for expenditure by, any corporation or agency included in this Act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United

States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any funds available to any corporation or agency included in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing laws.

SEC. 306. This Act may be cited as the "Government Corporations Appropriations Act, 1947".

Approved July 20, 1946.

